

Affordable Housing in Madison, Wisconsin: An Analysis of Four Proposed Sites

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Abstract

The city of Madison, Wisconsin has been engaged in facilitating the construction of affordable housing developments in order to support low-income residents of the city. Madison's established Affordable Housing Fund has reserved funds to subsidize affordable housing developments. In 2019, four affordable housing developments have received funding: The Ace Apartments, Valor on Washington, Bayview Foundation, Schroeder Road Apartments. Our study analyzes each location and their proximity to outside amenities, such as bus stops, grocery stores, schools, childcare facilities, health facilities and parks. Our analysis displays ideal locations for developments and discusses the complex relationships between city officials and private developers. While each development has received funding for the following 2019 calendar, our study discusses the advantages and disadvantages for each new development.

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Introduction

Almost every year, housing prices in Madison increase steadily. While the increase in rental prices is a national trend in urban centers and not unique to Madison, the new high-rent areas often leave many longtime residents with very few housing choices. City officials recognize the housing shortage and as a partial solution, they have sought to expand the amount of affordable housing units in the city (Department of Planning & Community & Economic Development, 2018). Development of affordable housing units is not a simple choice that can be agreed upon without a discussion between city employees and developers. Many citizens may request affordable housing, but many cities face challenges of income and racial diversity in development areas, as they plan on expanding their affordable developments. While it may be easier and more cost-effective to construct affordable housing developments on cheap real estate, construction on such land often leads to income segregation. The concentration of poverty in specific neighborhoods has proven to be disadvantageous for affordable housing residents. If cities are to truly support their lower-income residents, their support of affordable housing developments must be in high-income neighborhoods and have close proximity to a number of amenities. Simply providing a physical space for lower-income residents within existing high-poverty areas does not truly assist those tenants, but rather perpetuates poverty (Chetty, et al., 2016). In an attempt to solve this issue, the City of Madison has outlined a plan to construct affordable housing units in scattered areas of the city as a way of preventing the concentration of poverty and segregation. Four affordable housing developments have been proposed and submitted to the City of Madison and throughout the months of November and December, the city will determine its budget and allocate funds to a selection of these proposals. Our research

focuses on these four proposed sites and their relation to the surrounding community and access to amenities.

Our research investigates how well each of the four proposed developments promote and contribute to mixed-income neighborhoods. Do these proposed locations sufficiently assist low-income residents with access to amenities such as employment opportunities, public transit, a full service grocery store, health facilities, schools, and parks? How could the City construct a more thoughtful Targeted Map and encourage mixed-income communities?

Key Concepts

For a dwelling to be considered “affordable,” the tenant must spend “no more than 30 percent of their income on housing” (Paulsen, 2015, 2). There are many strategies to subsidize and support affordable housing developments. In order to assist and encourage development companies to keep their rental prices affordable and below what is often the market-rate price, the federal government distributes Low-Income Housing Tax Credits (LIHTC). Each state receives these credits and are able to allocate them through their own means. In Wisconsin, the Wisconsin Housing and Economic Development Authority (WHEDA) is the agency that distributes these tax credits. An alternative method that gives prospective tenants more choice and variable in their housing decisions are Section 8 Housing vouchers. Vouchers are distributed and used at sites that accept these vouchers. While LIHTC and Section 8 vouchers may be more well-known to the public as the most common form of affordable housing, our study focuses on the subsidization of affordable housing construction through city funds. We will also be referencing concepts such as racial segregation, social and economic diversity, as well as connection to community and neighborhood.

Site Setting

While many students entering the University of Wisconsin-Madison focus their attention on new luxurious apartment constructions on and around State Street, few pay attention to the increasing problem of access to affordable housing. The frills and amenities of these new apartment buildings that seem to perpetually be under construction in the downtown area surrounding the university campus do not serve the vast majority of Madison residents and contribute to the increased average home price in the city. Although so much academic attention is given to these luxury high-rises, the City of Madison is also seeking to accommodate its low-income residents, both students and working residents, who all require housing in the city's urban environment.

As of 2015, despite having less than 48 percent of Dane County's population reside in the City of Madison, the city houses 73 percent of the county's extremely low-income renter households. Affordable housing constructions—defined as a household spending no more than 30 percent of their income on housing costs—are very limited and not readily available to many Madison residents. Only 29.8 percent of all ownership units in Madison are affordable to households making the median income (Paulsen, 2015, 40). Many developers have responded to the City's request for additional affordable housing proposals. Madison faces many issues of income segregation and those who seek to develop affordable housing units must also take into account the effects of further segregating and disadvantaging lower-income residents.

Four developers proposed new affordable housing units that require city funding. We will examine the locations of the proposed sites to determine if they adequately support tenants by allowing easy access and close proximity to a variety of amenities. The six amenities are as

follows: access to education, healthcare, childcare, full service grocery stores, parks, and seven-day bus stops. The sites are stated below:

1: **Bayview Foundation & Horizon Development Group, Inc.**, located at 601 Bay View, 53715. The location, which is situated at the intersections of three major streets—West Washington Avenue, Regent Street, and South Park Avenue—already houses 102 existing townhomes that commonly support Section 8 housing vouchers. The development at this location seeks to act as an upgrade to the housing units that are already in place.

2: **Schroeder Road Apartments**, located at 5614 Schroeder Road, 53711. Just off of the Beltline, these apartments are further away from the Central Business District than the Bayview Foundation. The location is significantly southwest of the downtown area. Additionally, the location is surrounded by two major roads: the first being the Beltline and the second being Schroeder Road. On the surface, it does not appear to be integrated within a residential neighborhood. Currently, a restaurant and bar is situated on this site. The development would replace the restaurant but include a dining experience on the ground floor, once rebuilt. This development location would, however, be dedicated to supporting veterans.

3: **The Ace Apartments**, located at 4602 Cottage Grove Road, 53716. This development, located near the Northeast corner of Lake Monona, hopes to house low-income residents with disabilities. This location is the only proposal situated on the east side of Lake Monona. While it is located on a major street, it is surrounded by shops and residential areas in the rear.

4: **Valor on Washington**, located at 1314-1326 East Washington Avenue, 53703. This development is the most central development on the isthmus. The development hopes to serve the area's veterans and may be the largest veteran housing complex in the nation. Gorman and Co., of Oregon, plan to destroy the county-owned building at 1326 E. Washington Ave. In its

place, they plan to build a five-story apartment building with many amenities. Some of the amenities include childcare and exercise equipment available on-site to residents and all area veterans. East Washington is a major thoroughfare with many seemingly new developments constructed daily. Currently, East Washington is undergoing a major transformation. What was once an industrial town has turned into a trendy neighborhood.

Literature Review

Community: How Did Segregation Come to Be in Neighborhoods?

While some may argue that class and racial segregation in cities is a natural phenomenon—reasoned by believing those who see commonalities with each other attract—there is no doubt that the segregated neighborhoods we experience today is a result of extreme discrimination of racial groups by the federal government. Today, attention to public housing is often neglected by residents of distant suburban neighborhoods. While public housing may carry stigma in today's society, it is important to understand how public housing has, in fact, created the affluent suburban neighborhoods we know today. There is historical reasoning behind public housing today being dominated by non-white residents. That is not to say, however, that all residents of affordable housing units are non-white. Rather, the history behind government segregation sheds light on why most major suburbs are predominantly white.

Government subsidized housing was once cherished and celebrated by many during the Great Depression through the years following World War II, but it also disproportionately hurt African Americans. President Franklin Roosevelt's New Deal created the nation's first public housing for civilians. While the program did bring opportunity and wealth to many, it also further separated different racial communities. Roosevelt's administration segregated all housing

projects by race, even often barring African Americans altogether from housing developments. Other New Deal Programs, such as the Civilian Conservation Corps were programs supporting white men to construct white neighborhoods, thus providing them with economic stability (Rothstein 2017, 19). The programs of the New Deal not only separated African Americans geographically from white residents, but also economically.

Throughout World War II, housing shortages plagued the American landscape. Cities that boomed from war production—predominantly shipbuilding cities, such as Richmond, California—experienced extreme population increases, and residents of the cities opened their doors to house the increase of workers. The federal government hoped to solve the housing shortage by implementing the Lanham Act. The Lanham Act was designed to finance housing in defense industries. While the government did provide housing units for many workers, the housing was often restricted only to white workers. The Works Progress Administration had requested that all citizens contribute to the war effort, yet African Americans who moved to industry towns were given no place to live. (Rothstein 2017, 19). The government's delivery of housing served white workers, but drastically restricted African Americans.

Following World War II, many men returning to the United States were in need of housing. The federal government implemented the GI Bill to support returning veterans. Through the Federal Housing Administration, which administered loans to development companies, suburban neighborhoods sprouted all across the country. The new suburban developments served the returning veterans. One of the few conditions, however, restricted developers to sell their houses to African Americans. The new enclaves of suburban residences not only promoted segregation and white flight, but also handed white veterans property that ultimately increased in value over time and provided the resident's children and family with capital. Most suburban

developments and neighborhoods as we know them were once essentially major affordable housing projects.

If one is to understand why Madison, Wisconsin experiences extreme racial segregation, they must recognize that the “racial composition of a community does not emerge because of happenstance” (Robinson 2018, 80). Madison experienced an extreme process of redlining. Redlining was an act of banks marking maps of cities to denote unsafe areas for insurance purposes. The sections that were outlined were thought to be inferior in quality and more expensive to insure. The reality of redlining, however, was that it was disguised as a means to separate white and African American communities. Redlining devalued many immigrant communities and contributed to their economic disadvantages. Many neighborhoods in Madison are racially segregated as a result of such redlining in the 1930s.

As Madison grew in size, new developments in modern suburbs restricted purchasing by African Americans. The suburbs of Westmorland and Shorewood Hills demonstrated extreme restrictive measures. Many restrictive covenants were placed on these neighborhoods. In both neighborhoods, deeds would explicitly state that no land could be sold to African Americans and it was not until 1966 that fair housing garnered the attention of civil rights organizers in Madison. The Fair Housing Act of 1968 did not establish retroactive provisions to communities that had been created by such extreme restrictions (Robinson 85). The new suburbs of Madison were created for the white community, and clearly only the white community. Because there was no housing discrimination enforcement between 1900 and 1960, Madison’s neighborhoods are marked with deep-rooted segregation tactics that are codified in their historic racial restrictions.

Today, developers seeking to construct affordable housing developments face issues of perpetuating racial and economic segregation. It is evident that section 8 vouchers often

contribute to such segregation. Studies have determined that those using section 8 vouchers are extremely restricted in their housing options. According to Schwartz, it is very difficult for single mothers to live in low-stress neighborhoods because of the availability of affordable housing options (Schwartz 2016, 221-223). His study defines “high-stress” neighborhoods as areas that are high in poverty, high in percentage of female-headed households, high in unemployment, high in percentage of households receiving public assistance, and high in percentage of adults not in school and without a high school diploma (Schwartz 2016, 213).

Other studies examine why African Americans are disproportionately in need of affordable housing developments. In his study, George Carter emphasizes the need to address homelessness and demand of the black community within cities (Carter 2011, 63). Carter stresses the importance of affordable housing developments to be located in areas that are not high in poverty and in mixed racial communities. It is all too common for residents of affordable housing developments to have poor experiences in areas that perpetuate poverty.

There is no doubt that the construction of affordable housing developments in areas of poverty do not adequately assist those tenants. Because of the extreme segregation that often leave affordable housing developments dominated by immigrants and people of color, studies have sought to find solutions. Scott Marks’ study in 2013 discusses how fair housing policies can help reduce the levels of segregation caused by common affordable housing practices. A “fair housing policy” is when the government does not allow for affordable housing to be built in already-segregated communities, and therefore, aiming to desegregate cities. A more specific example of a fair housing practice, is implementing safe harbors within areas of the country, which would effectively set up easy-to-interpret selection policies for affordable housing locations that would involve avoiding neighborhoods that are highly segregated (Marks 2013,

74). A large reason for the current rate of housing segregation is due to the early laws on neighborhood standards that contained terms and phrases that were vague and difficult to interpret, such as “area of minority concentration” and “racially mixed area.” This created an affordable housing policy that had gaps and loopholes and therefore, was interpreted in a way that enabled the segregation of races in urban areas (Marks 2013, 70). This is the main reasoning of why having strict and easy-to-interpret rules and regulations is important for affordable housing policy.

Does Neighborhood Matter?

In 1992, Congress authorized the Department of Housing and Urban Development’s Moving to Opportunity Experiment (MTO). The study was designed to answer the question of whether moving from high-poverty neighborhoods to low-poverty neighborhoods improves the social and economic prospects of low-income families. The study focused on families in five major cities: Baltimore, Boston, Chicago, Los Angeles, and New York. Local Public Housing Authorities recruited families to participate through tenant associations and distribution of fliers. Only families who had children, were low-income, and were residing in public housing or Section 8 project housing were eligible. Of the 4,608 families enrolled in the MTO program, nearly two-thirds were African American. The families were randomly assigned to one of three groups: The MTO low-poverty voucher group, the Traditional Voucher Group, and the Control Group.

Those who were placed in the Traditional Voucher Group were given vouchers that had no geographical restrictions. Typically, Section 8 vouchers work this way and those who have vouchers can use them in any place that accepts those vouchers. Despite being given a voucher to perhaps leave their high-poverty neighborhood, many families still opt to stay in the

neighborhood they are familiar with (Clampet-Lundquist & Massey, 2008). Those who were placed in the MTO low-poverty voucher group, however, were *required* to move to low-poverty neighborhoods (areas with less than 10 percent below the poverty line in 1990). The control group was given no specific voucher, but they remained eligible for any housing or social programs they may have already been entitled to.

Many believed this study would remove selection bias from studying neighborhood effects. Researchers wanted to know what would happen if patterns of poverty changed. Do poor places make people poor, or do poor places attract poor people? Do low-income neighborhoods and concentrated poverty simply reflect patterns of in and out migration? Observers had a hard time understanding trends because residents were not randomly placed in neighborhoods. The MTO was believed to have changed this narrative. The only issue, which the authors explain in depth, was that every family assigned to the MTO group did not use their MTO vouchers (Clampet-Lundquist & Massey, 2008). Yet those who did, obtained benefits from moving to high-opportunity neighborhoods.

Because the study only analyzed those who took up the MTO offers, it was not necessarily a random selection. Only those who were perhaps excited to move to a different area or simply curious were represented. Within the first 4 to 7 years after enrollment in the program, families who chose to move to low-poverty neighborhoods reported feeling safer and more satisfied with their housing and neighborhood than those in the control group (Chetty, et. al, 2016). Although most analyses of the MTO experiment were conducted in the immediate years following the experiment, Raj Chetty, Nathaniel Hendren, and Lawrence Katz produced an updated analysis exploring the long-term effects of the experiment. Whereas the earlier studies were unable to conclude effects of economic benefits of children in the long-term careers,

Chetty, Hendren, and Katz provided the most updated analyses of economic gains that children experienced from moving to these high opportunity neighborhoods.

Chetty's new study demonstrated that the MTO treatments had very different effects on older children (those between the ages of 13 and 18). As the study states, "moving to a lower-poverty neighborhood had slightly *negative* effects on older children's outcomes" (Chetty 2015, 858). Their explanation for these negative effects for older children is the disruption effect, which is described as disrupting social networks and have negative effects on child development. Therefore, families with children of an older age were actually hurt by moving to a new neighborhood, but exposure effects of those high-opportunity neighborhood outweighed the disruption cost for children who had moved at a young age. Providing housing vouchers to move to low-poverty neighborhoods produces benefits for younger children, but negatively affects older children.

Chetty's study alerted policy makers that targeting families with older children to receive housing vouchers can dramatically hurt the family. In addition, long waitlists for housing vouchers add to the problem of moving older children because by the time a family receives vouchers, their children who may have been very young are often in their teenage years. Policy makers should also consider implementing MTO-type vouchers to residents, as many families opt to continue to live in their original neighborhood, not allowing them to reap the benefits of exposure effects of lower-poverty neighborhoods. Chetty's final conclusions note that efforts to integrate disadvantaged families into a more mixed-income neighborhood could prevent widespread poverty in generations to come.

The effects of exposure and neighborhood surroundings on behavior are by no means a new concept. In 1991, Anne Case and Lawrence Katz studied the effects of neighborhood

surroundings on family behavior and economic success. Role models in neighborhoods are unbelievably important for adolescents. Often, there are more role models who have an accomplished career in lower-poverty neighborhoods (Case and Katz, 1991). Those who are in high-crime and low-education neighborhoods often replicate the actions of their peers. Remaining in low-opportunity neighborhoods that are not mixed-income can drastically hurt adolescents.

Affordable Housing Policy Strategies

The debate about how to approach affordable housing is still going on in the country today. The two main forms of creating affordable housing for low-income residents are either through using section 8 vouchers or through subsidizing developers for the creation of brand new housing units that would be affordable for low-income residents (Graddy 2010, i84). There are many specific methods for cities to create policies that would incentivize affordable housing through the usage of private developers, and Madison uses several of these methods. Inclusionary zoning policies can be important ways to incentivize or require developers to include a certain amount of affordable housing units in their developments. According to Lubell (2016, 138-9), most successful zoning policies are mandatory because it forces the developers to engage in producing affordable housing units, but voluntary zoning requirements can also be effective. There are other methods in which cities can incentivize developers to create affordable housing, such as implementing tax incentives that could either provide a lower property tax to developments or freeze the taxable value of a property after construction. Parking incentives can be used as well, which allows the developers to reduce the amount of parking space in affordable housing developments in order to make more room extra units in the building. This is particularly useful in areas that are in a condensed metropolitan area where public transportation

is easily accessible (Lubell 2016, 142-3). These examples show that there are many tools at the disposal of cities in order to lead developers into making affordable housing for low-income residents.

The issue of how to pay for affordable housing comes up as well, and there are a number of ways that cities can use policy to generate funding for affordable housing. In particular, Wisconsin is in need of funding for their affordable housing projects, because between 2015 and 2016 affordable housing availability decreased by 44% (Engel 2016, 5). Tax Increment Funding (TIF) is one of the more common ways to raise money for affordable housing projects. This works by choosing a certain district that needs to be redeveloped or improved in some way, and investing funds for these developments with the intention that they will be paid off in the future by an expected increase in the property taxes. As of 2016, Madison had 10% of their total TIF revenues dedicated specifically for affordable housing, and for comparison, Portland, Oregon had 30% dedicated for affordable housing at the same time (Lubell 2016, 140). Another form of revenue generation is linkage fees, which typically are fees on new retail developments per each square-foot. This helps affordable housing developments because it allows potential affordable housing developments to have an edge when competing for land with retail developments (Lubell 2016, 141). In a city like Madison with consistently-rising rent prices, these forms of financing affordable housing can be important ways of helping out the low-income community by funding their ability to pay rent.

There have been studies conducted to determine how private affordable housing developers respond to policies that are set by the local or state governments. This is a direct point of emphasis for our project, as we intend to investigate the relationship between the city of Madison's targeted affordable housing map with the locations that the private developers have

proposed for their affordable housing projects. A 2010 study analyzed the reaction of private developers in response to government policy in two separate states with differing policies in regards to affordable housing. The findings of this study suggested that the individual state's affordable housing incentives had a direct effect on the behaviors of the developers, and that the developers were very mindful of the incentives when developing affordable housing.

According to the researchers, the framework that is set by the government's affordable housing policy will have a direct effect on the amount of affordable housing created by private developers, and once the requirements for the incentives are met by the developers, the quality and quantity of affordable housing production starts to degrade (Graddy, 2010 i97). Some concerns raised by this study are that because private developers have such a strong hand in deciding when and where affordable housing will be creating, it could potentially restrict the voices of citizens and communities (Graddy, 2010 i97). This sentiment is directly in line with our research goals, as we are concerned with how effectively the affordable housing proposals will suit the residents within the city.

Property Values and Density Concerns

The development of affordable housing units in non-poverty neighborhoods can often result in concern from community members that property values in the neighborhood will decrease. A study coming out of San Francisco State University analyzed seventeen previous studies of which looked at this very topic. As there is a large push for affordable housing unit to not be placed in poverty and crime ridden areas, there is also an issue of residents claiming NIMBY (Not In My Backyard), as a reason to stop these developments from happening.

However, previous studies have shown that when housing units are placed in higher socially and economically-productive areas, residents experience better quality of life as demonstrated in the

HOPE VI program and Moving to Opportunity programs that we have previously discussed (Fogel 2017, 12). The study discusses how a large part of the concern of declining property values derives from the concern that the physical appearance and design of incoming units will bring down neighboring property values. An article analyzed a 1993 study, which looked at six different affordable housing units and attributed a major reason for not bringing down neighboring property values was due to the fact that builders were able to “match their neighborhoods in terms of size, scale, design, and amenities” (Nguyen, 2015, 21).

Other factors that come into play when easing neighborhood unrest is making sure that affordable housing units are compatible with areas they are being planned in, and making sure that they are properly maintained. A study done in 2001 not only found that property values would not go down if an affordable housing unit was well-maintained, but they also found that property values can actually increase in close proximity to affordable housing when a neighborhood holds properties that are not properly upkeep (Nguyen, 2015, 16). Not only this, but often the reason for lowering properties values is a panic that happens when an affordable housing moves in and people impulsively sell their homes (Nguyen, 2015, 21). Of the studies analyzed for density issues, all found a negative correlation between densely-placed housing units and property values. All of these characteristics contribute to the conclusion that affordable housing units do not bring down property values, but they need to be adequately planned and designed so that they are aesthetically pleasing and fit into the surrounding community, as well as to be maintained well and not packed densely within a small area. If all of these needs are met, then affordable housing units will be successful in not bringing down property values.

A main reason that affordable housing may not be successful is the density in which it is placed, which often causes lowering nearby property values, as well as the perpetuation of

segregation and racism. A study discussing the low income housing tax credit (LIHTC) properties examines how the U.S. Department of Housing and Urban Development (HUD) has been grappling with their goals of deconcentrating affordable housing units in the United States. Even though the LIHTC is not administered by HUD, it is still an important factor to consider when analyzing deconcentration policies. Within this study, it was found that “LIHTC units were three times more likely than all housing units to be located in tracts with poverty rates that were 40% or higher. During the early 2000s, approximately 8.5% of LIHTC units were placed in such tracts” (Dawkins, C. 2013, 224). The researcher also analyzed 10 major U.S. cities in the year 2000, and by using spatial point pattern analysis, they found that LIHTC properties were more highly clustered in metropolitan areas (Dawkins, C. 2013, 222). While this may seem like insignificant information because metropolitan areas are naturally going to have more clustering, it is important in understanding how these high concentrations can lead into a cluster of low-income areas, which downgrade the effect of affordable housing units. Another example of the importance of declustering of housing projects is within the HOPE VI program. This housing program, implemented in Tampa, Florida in 1997, is when the Tampa Housing Authority took a new approach to public housing and created a “planned neighborhood”, instead of placing affordable housing units within densely populated low poverty neighborhoods (Fogel et al, 2007, 98). Their approach hoped to avoid social and economic problems that may come along with disconnected affordable housing communities. The results of the study found that the majority of respondents were “satisfied with their living, fiscal, and social situations”. They also concluded that the surrounding areas of the planned community improved in “economic viability” (Fogel, 2007, 110).

As we discuss integrating affordable housing units into socially and economically viable communities, there should be a discussion about mixed use communities and their effectiveness in creating communities that are racially, economically and socially diverse. A study coming out of Toronto analyzed mixed-use developments in different areas within the city, and concluded that mixed use zoned areas were not successful in affordability. The Canadian government withdrew all government-supported affordable housing programs in Toronto, which, as we have seen, are a vital part in the success of integration of affordable housing with other types of housing. In their summary, they stated that there should be a push for “explicit housing affordability policies as an integral component of mixed-use zoning” (Moos et al. 2018). A government supported program that has been successful in limiting segregation in affordable housing communities is a program in which residents are given preferences as to where they want to live. Housing programs that give residents housing preferences in terms of what geographic area that they want to live in have found that this can be important tool in anti-displacement measures. However, it is extremely important that when using these residency preference systems, the geographic spaces that are given as options, are in a large enough space that there are racially diverse neighborhoods in the area and there needs to be a consideration of the “broader geographic level and strategic adjustments must be made to the way in which preferences are administered” (Freund, 2018). Overall, it is important to consider the geographic area in which residents are being placed in order to create affordable anti-segregated spaces.

Methods

We intend to determine the overall suitability of the four locations for affordable housing by analyzing their distance to public transportation, schools, full service grocery stores, parks,

childcare facilities, and healthcare facilities. For each amenity, we will calculate its proximity to the proposed site and try to understand how well each site is being served by these amenities. Our analysis is conducted utilizing Esri's ArcMap application. Each location will receive grades of suitability based upon our criteria. We intend to use spatial overlay mapping in order to provide an easy-to-view visual analysis of the various qualities of the areas in which each proposed affordable housing location is located. Data will be retrieved from the City of Madison OpenData portal and through the creation of our own plotting. The mapping scores and results will give readers and the city a quick understanding of where the locations lie in relation to many amenities. While the scores will be the majority of our quantitative analysis, interviews with city officials as well as people working for the development companies will shed light on the politics behind each location.

Summary of Key Points

In summary, public housing and affordable developments are by no means a novel problem. Affordable housing has a complicated history and city planners struggle to find the best implementation of such housing. Although so much attention is given to market-rate luxurious buildings, affordable developments are just as important in an urban space. Every detail and decision have drastic effects on the landscapes of American cities. In order to adequately support communities that rely on affordable housing developments, city planners and developers must integrate their developments in mixed-income communities. If cities continue to place affordable housing units in low-opportunity neighborhoods, then the goals of the developments are ultimately meaningless. Regardless of amenities built into the physical complex, if the residents

do not have the community and resources around them to set high expectations, then their location will negatively impact more than their physical amenities. Affordable housing is becoming more difficult to come by in Madison, but the community—not just the wealthy neighborhoods—must continue to support and engage in affordable housing developments.

GIS Analysis

Our analysis considers the schools, grocery stores, and health facilities that the development companies included in their proposals. Our analysis does *not* consider other markets, schools, and hospitals. We decided to solely rely on the locations of schools, markets, and health facilities that the development companies provided because we would like to provide an analysis and scoring of their proposal locations, in order to aid the City of Madison with their evaluations and future considerations.

Methodology:

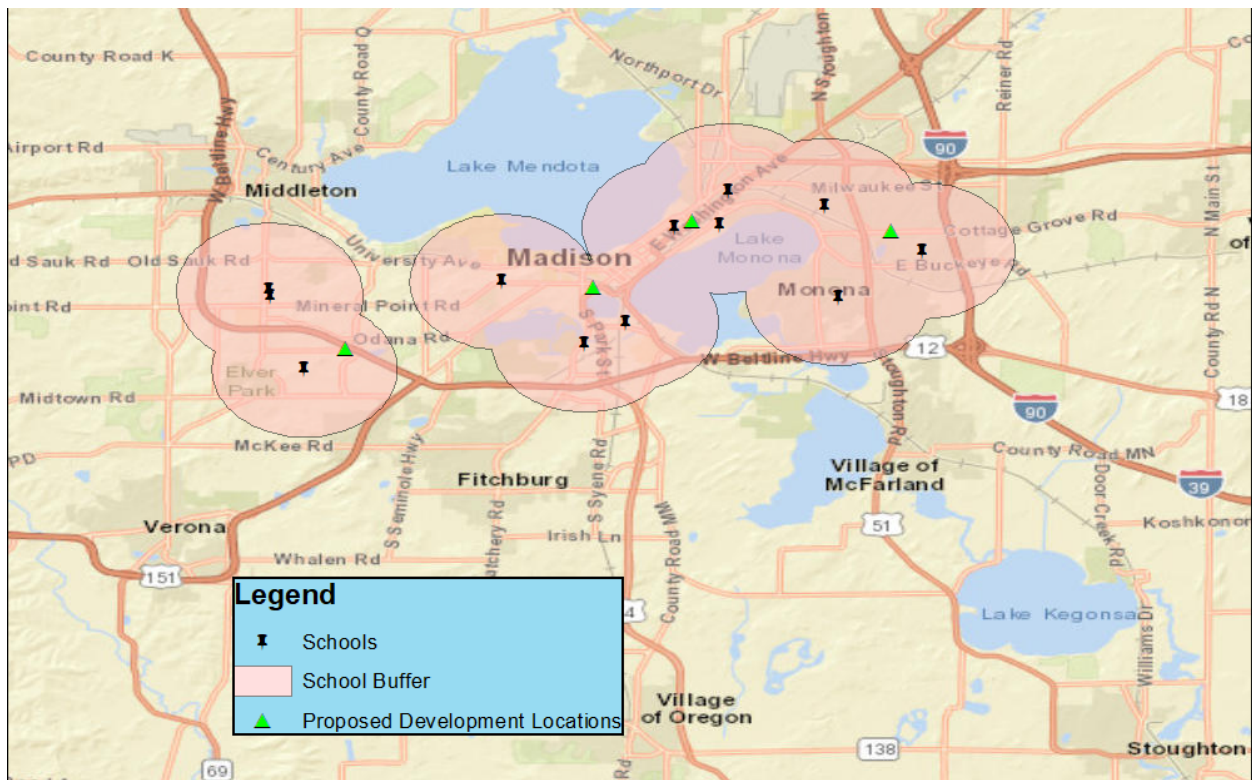
Our study inspects the locations of four proposed affordable housing developments and their proximity to living necessities. We compare our targeted raster map to the City of Madison’s Request for Proposals’ Targeted Map and identify areas that may be best suited for affordable housing developments.

- 1. Given the radius buffers we have set for each necessity, we identify the locations that intersect the buffer zones of schools (1.5 mile buffer), grocery stores (.5 mile buffer), seven-day bus routes (.25 mile buffer), health facilities (1 mile buffer), childcare facilities (.25 mile buffer), and park location (.5 mile buffer).**

Each buffer zone was chosen for a variety of reasons. According to Yong Yang and Ana V. Diez-Roux’s study, “Walking Distance by Trip Purpose and Population Subgroups,” those with

lower household income walked longer distances for work than those with higher household income. First, we have allocated a buffer zone of 1.5 miles to distances of schools because the Madison Metropolitan School District noted that school bus service will be provided if the students' pick-up location is further than 1.5 miles from the school (<https://transportation.madison.k12.wi.us/eligibility>). Therefore, we want to represent the area that school buses would *not* provide transportation for students. We based our buffer zones on walkability and we followed the school district's discretion. It is evident that the school district believes a dwelling is walkable if it is within 1.5 miles of the school. To create the buffer, we created a feature class of points based upon the location of the basemap. We then used the Buffer Tool in ArcMap to create a buffer radius of 1.5 miles around the points (Figure 1).

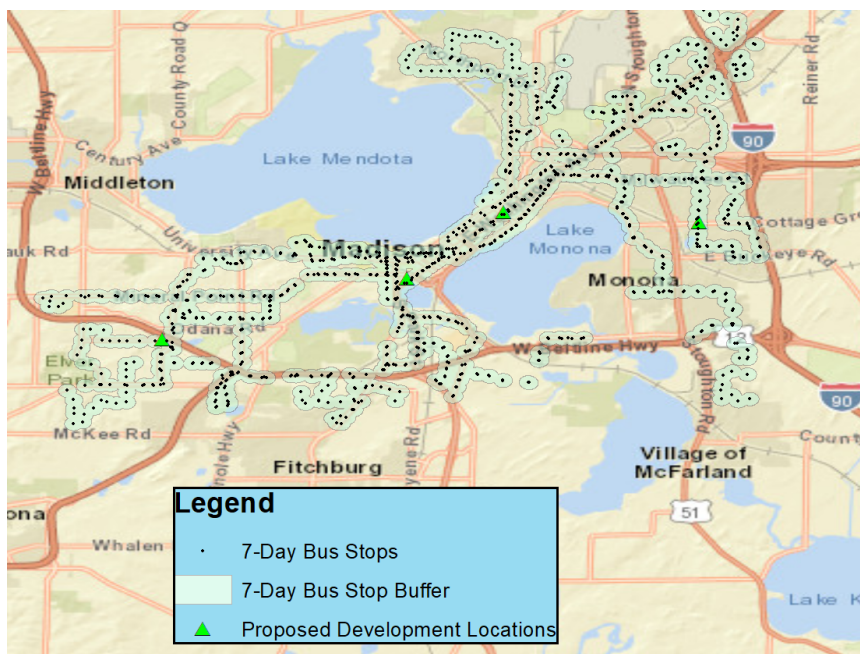
Figure 1.



Note: The basemap was provided by ArcMap, using the World Street Map layer.

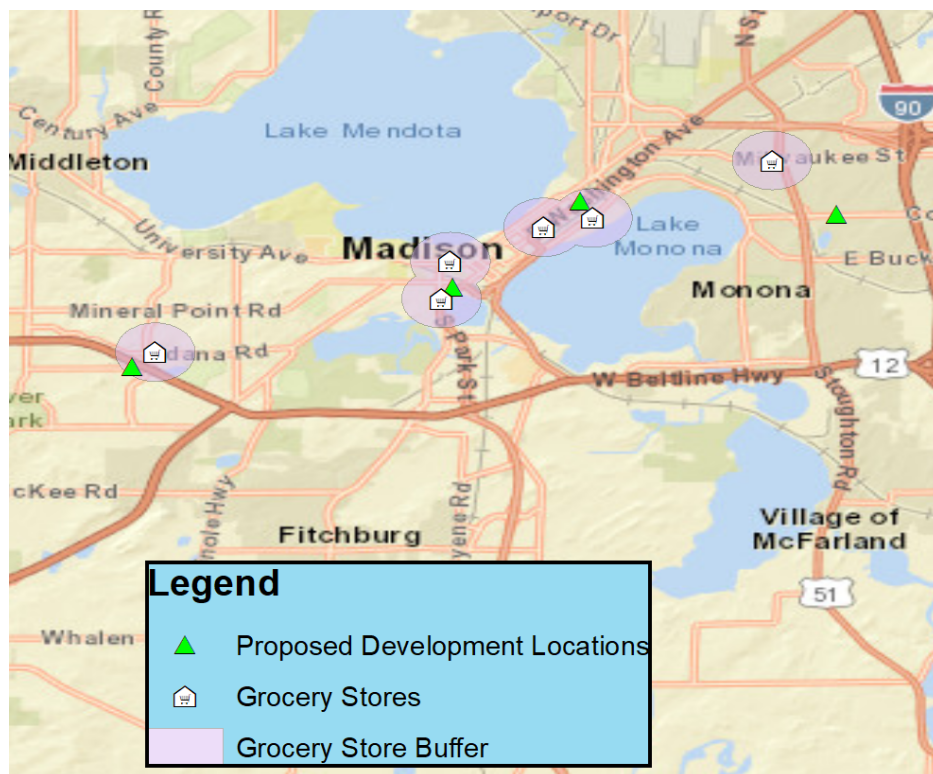
In order to create the buffer zone around bus stops that are accessible seven days per week, we downloaded the bus stop shapefile from the City of Madison's GIS portal (Madison Area Transportation Planning Board). We then selected every stop that is used on seven-day schedules and created a new layer with the selected stops. The bus routes are as follows: 2, 4, 5, 6, 13, 16, 17, 18, 20, 21, 22, 26, 30, 31, 32, 36, 40, 50, 51, 67. In order to create the buffer zone, we found it appropriate to create a buffer zone of 0.25-mile radius from each stop. If one is required to take a transportation service, they should not also be required to walk very far distances. One of the primary issues regarding walking far distances and riding a bus is shopping restrictions. Those who are grocery shopping may need to carry food long distances and if they must walk extensive distances, efficient grocery shopping may become unrealistic. To create the buffer zone around the bus stops, we used the Buffer Tool. We inputted our seven-day bus stop feature class and set the buffer radius to 0.15 miles (Figure 2).

Figure 2



The radius we have used around the grocery store location is 0.5 miles, as it becomes increasingly difficult to carry many groceries over a half mile. Additionally, food spoils when exposed to heat for extended periods. Expanding the buffer zone of grocery stores may result in unrealistic shopping expectations. We created a feature class of grocery stores by plotting points onto the basemap. We then created the buffer zone by inputting the feature class into the Buffer Tool and set the radius to 0.5 miles (Figure 3).

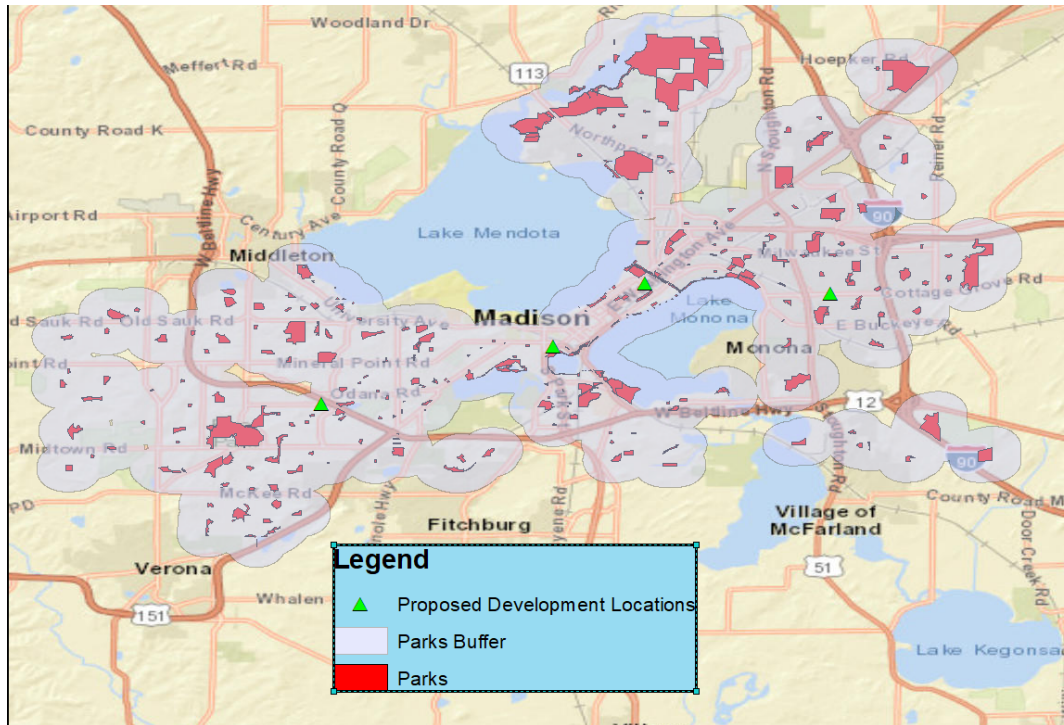
Figure 3



We have given the Madison parks buffer a radius of 0.5 miles. If we are to assume that one is going to be spending time outdoors and enjoying themselves, walking further than a half mile is undesirable. In addition, Yang and Diez note that those with lower incomes walk significantly less for recreational purposes than those with higher incomes (Yang and Diez 2012, 14). We downloaded the parks shapefile from the Madison OpenData portal (City of Madison

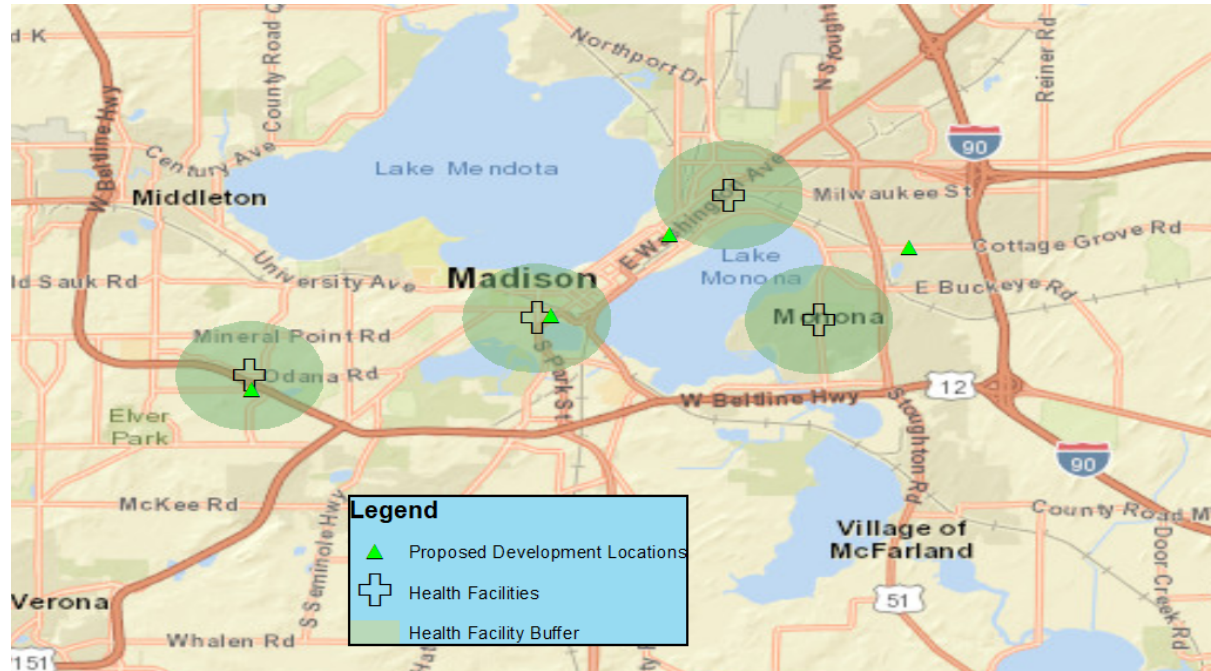
Parks Department). We then created the buffer with the Buffer Tool, inputting the Parks feature class and setting the buffer radius to 0.5 miles (Figure 4).

Figure 4



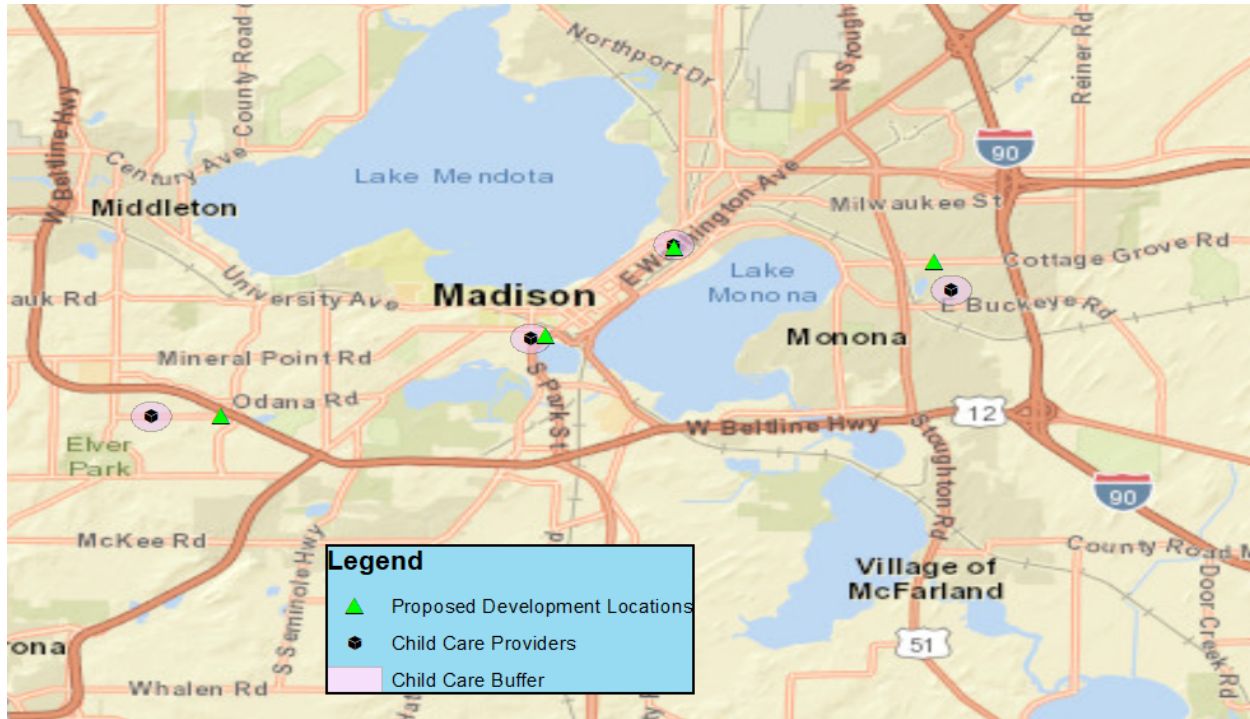
Health facilities have been given a 1-mile radius buffer. Typically, health facilities are not attended as frequently as grocery stores or other everyday necessities. In addition, many of the development companies have noted health and supported services within their developments, such as Wisconsin Family Care Agencies and Veteran Services within the Ace Apartments, the Lutheran Social Services within the Valor on Washington complex, the Continuum of Care within the Schroeder Road Apartments, and a variety of support services within the Bayview Foundation. For this reason, we have set a radius of 1 mile. We have created the health facility feature class by plotting points on the basemap. We then used the Buffer Tool to set a 1 mile radius (Figure 5).

Figure 5



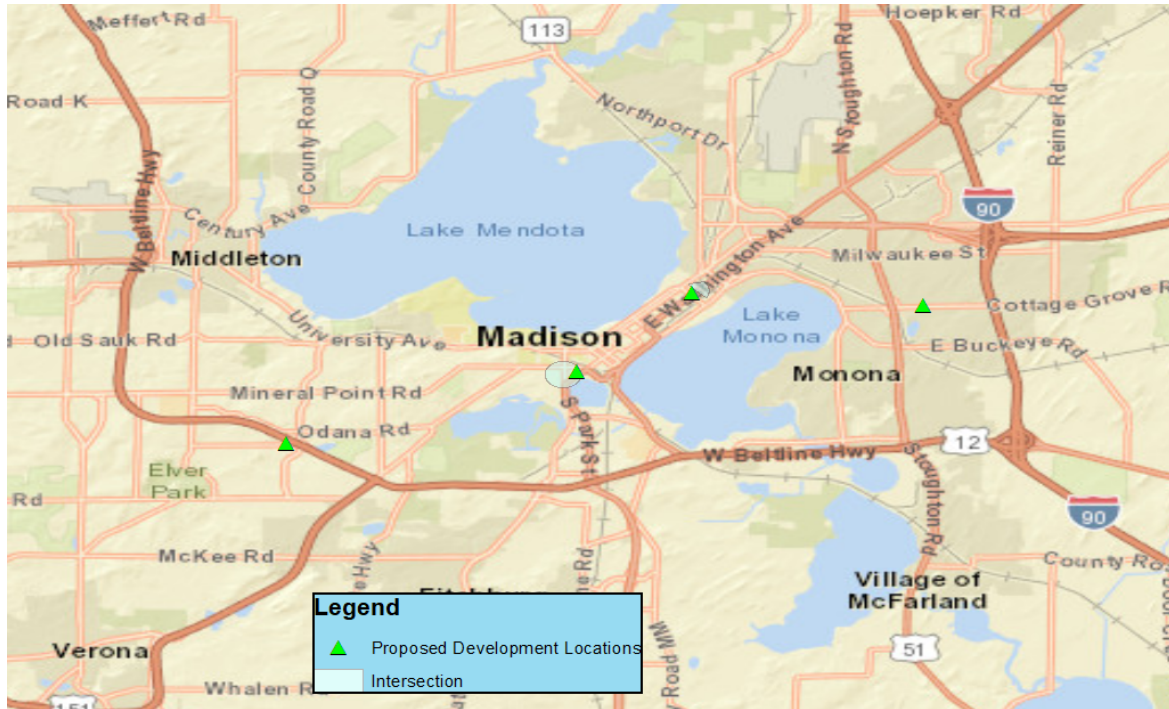
Childcare facilities are perhaps one of the most important necessities for working families. Childcare needs to be readily available, otherwise it is unreasonable to expect families to work 40-hour workweeks, while also caring for their children. We have allocated a 0.25 mile radius to childcare facilities. Further distances would hinder a parent’s ability to arrive to work on time and perform at a high level. We have created the childcare center feature class by plotting points on the basemap. We then used the Buffer Tool to set a 0.25-mile radius (Figure 6).

Figure 6



In order to identify the locations of where all of the buffers intersect, we utilized the Intersect Tool. We inputted the Childcare Buffer, the 7-Day Bus Stop Buffer, the Health Facility Buffer, the School Buffer, the Grocery Store Buffer, and the Parks Buffer. The result, however, is very limited (Figure 7). The very limited intersection map demonstrates that the ideal location of developments are almost being served by two of the proposed developments (Valor on Washington and Bayview).

Figure 7



The intersected buffer map (Figure 7), however, does not identify any locations that accommodate five of the six necessities. In a perfect world, each development would have access to all necessities and amenities, but in a complex urban environment, we must pick and choose locations that provide as many amenities as possible. Including all of them is unrealistic. Below, we have demonstrated the zones of the following intersections:

Figure 8: Intersection of all radii *except* Childcare



Figure 9: Intersection of all radii *except* Parks

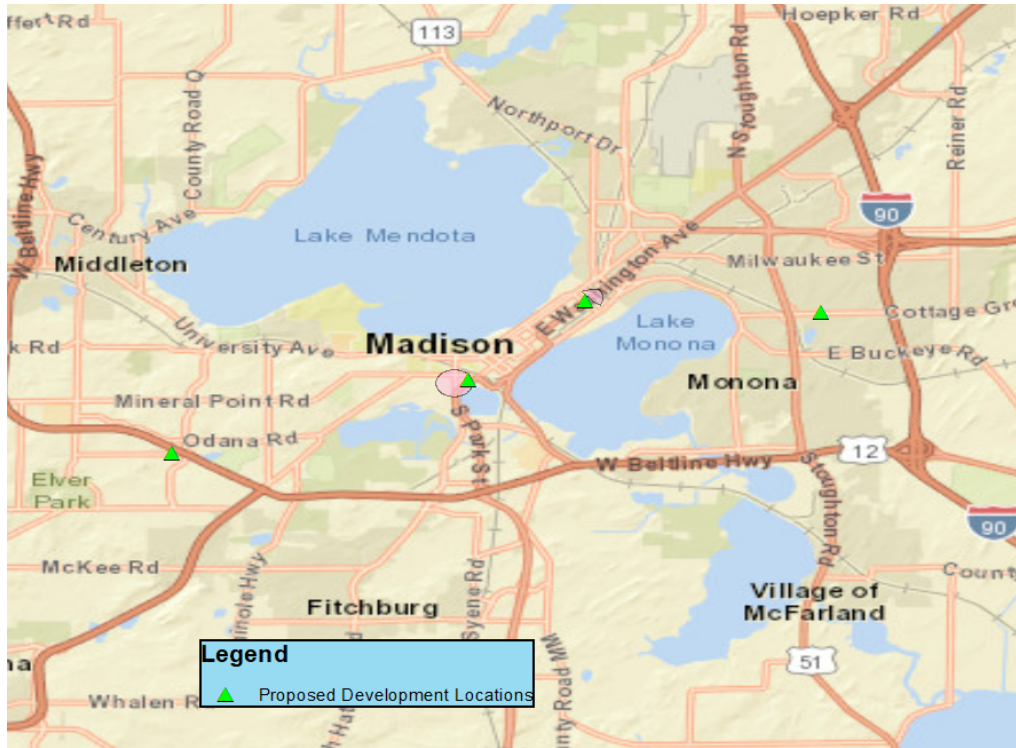


Figure 10: Intersection of all radii *except* Health Facilities

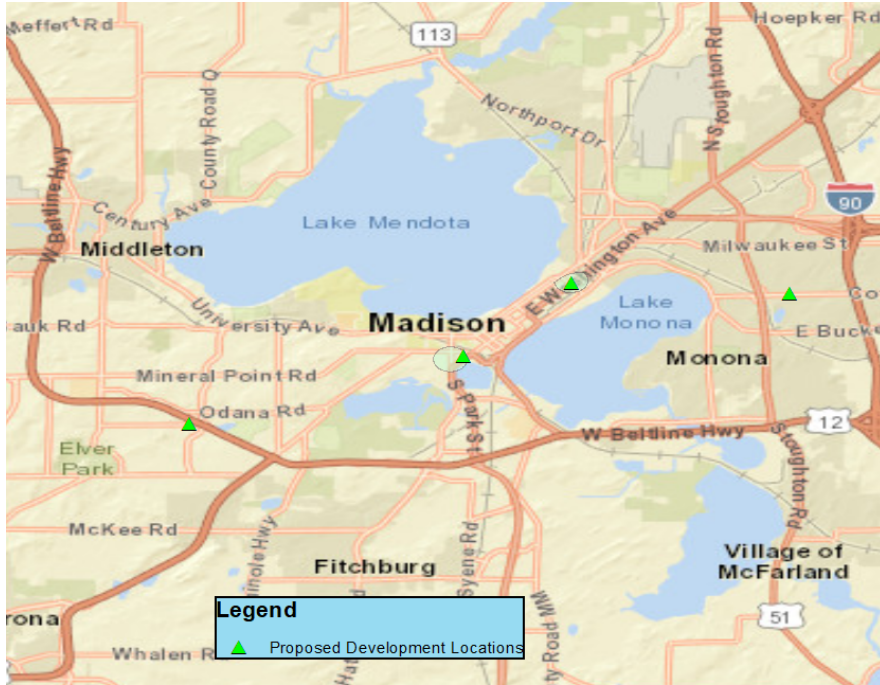


Figure 11: Intersection of all radii *except* Schools



Figure 12: Intersection of all radii *except* Grocery Stores

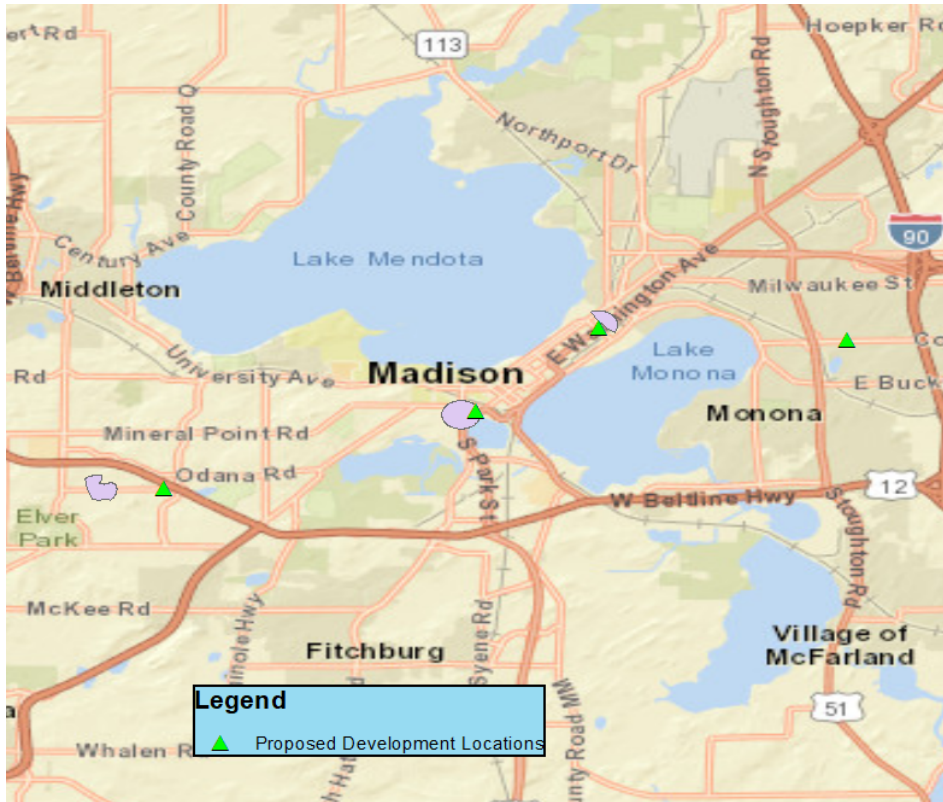


Figure 13: Intersection of all radii *except* Bus Stops



2. **Simply identifying the intersection zones in a vector representation does not adequately locate all desirable areas. In order to provide a more detailed and informative map, we have created a raster representation of the buffer zones and amenity locations to calculate suitability scores.**

For each buffer radius we assigned, we divided the radius into twenty even zones. Each zone was reclassified to obtain a score from 0-20. A score of 20 was given to the inner-most zone and descended until a score of 1 was given to the outer-most zone of the radius. All cells outside of the radius buffer were given a score of 0.

Figure 14: Bus Stop Diagram

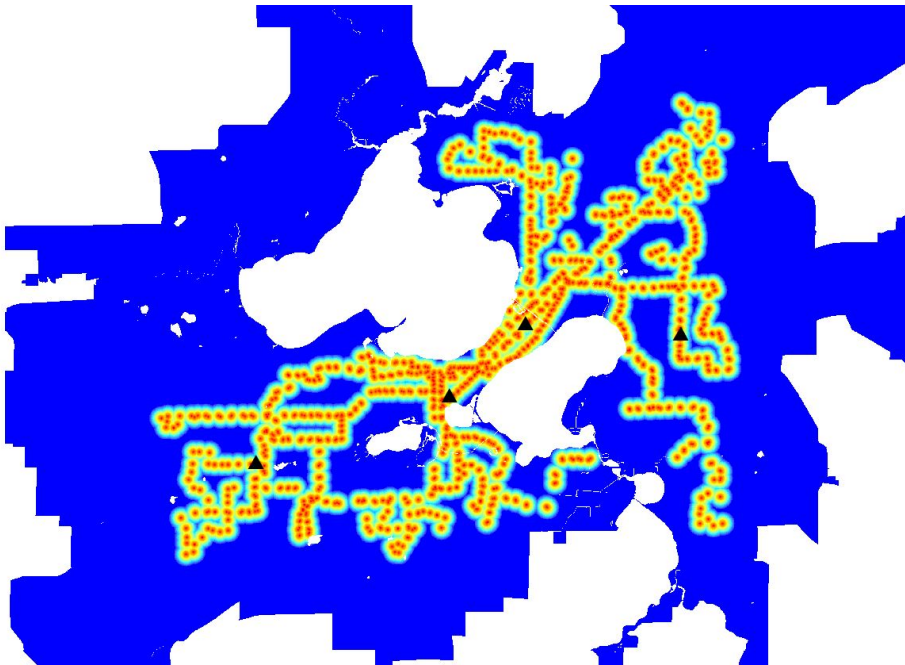


Figure 15: Grocery

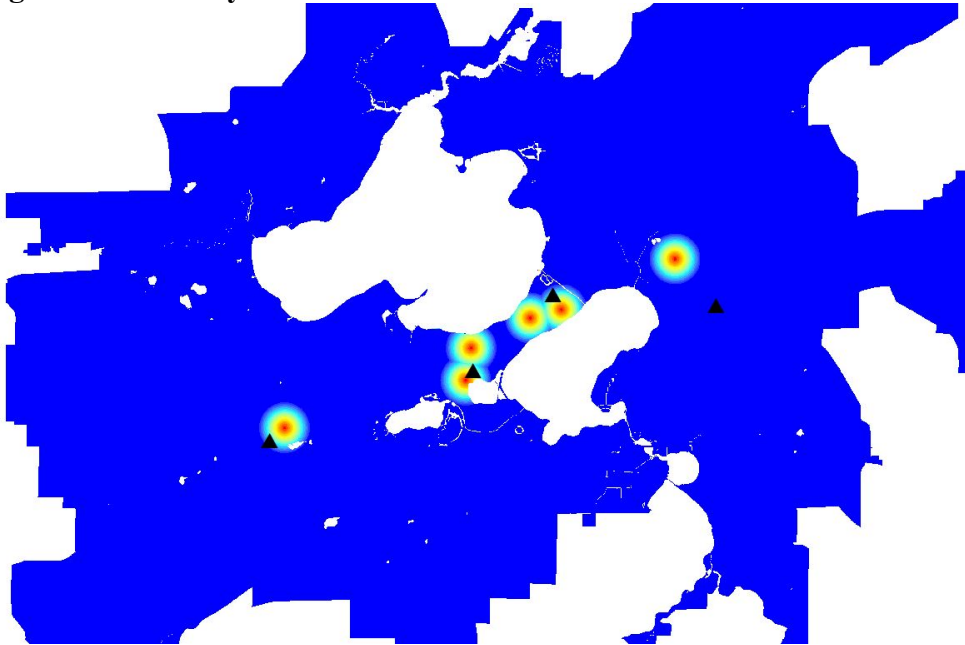


Figure 16: Health

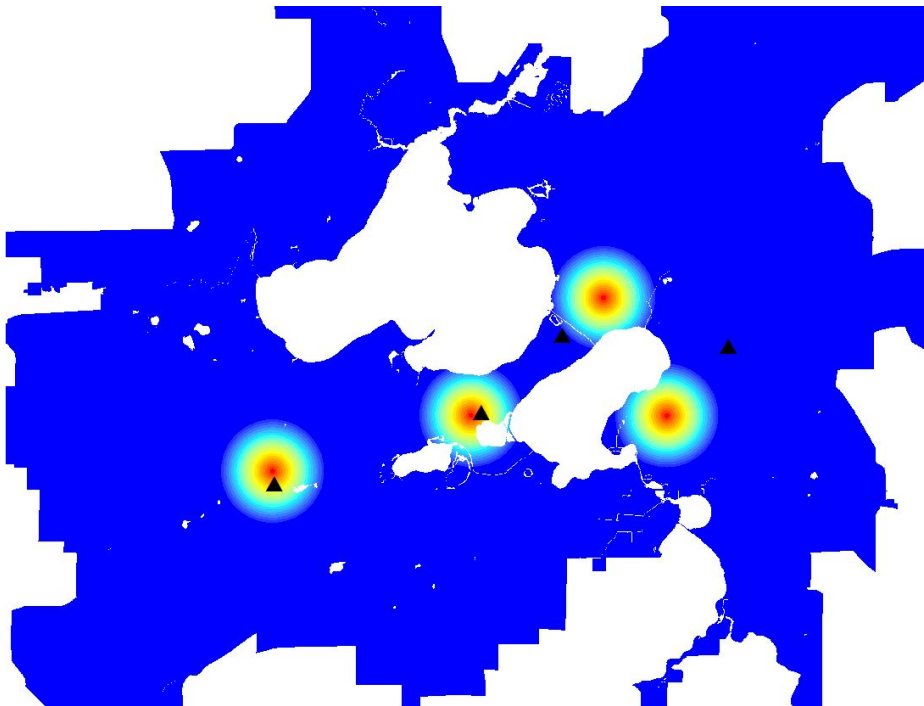


Figure 17: School

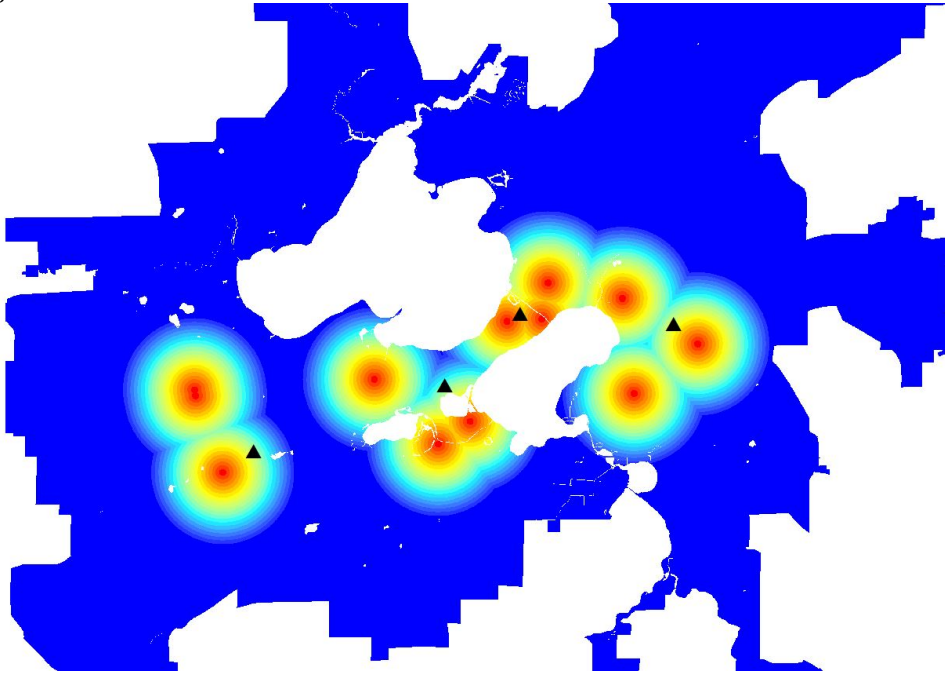


Figure 18: Childcare

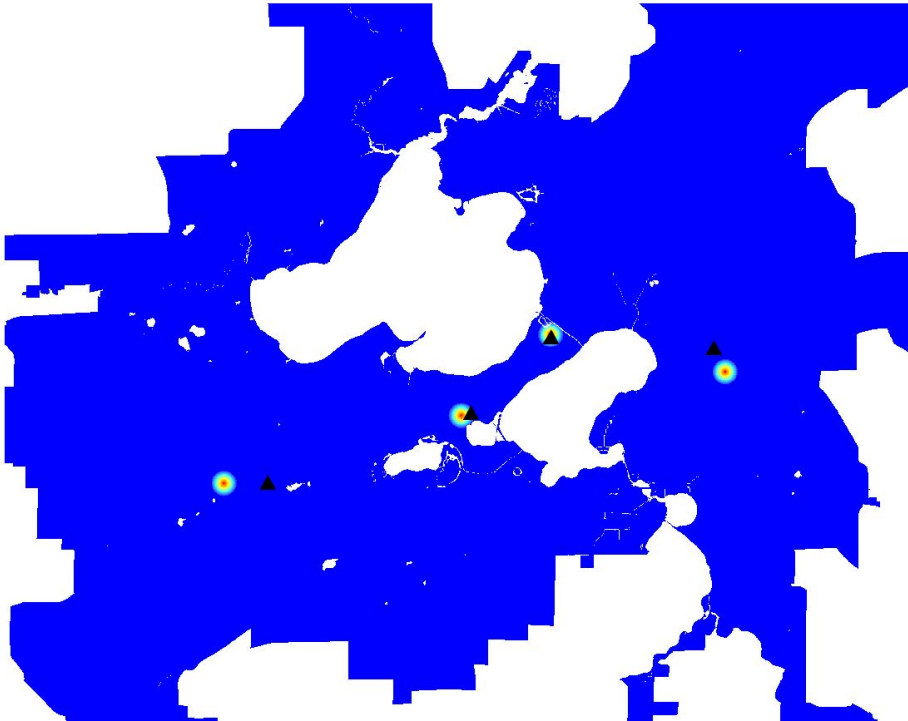
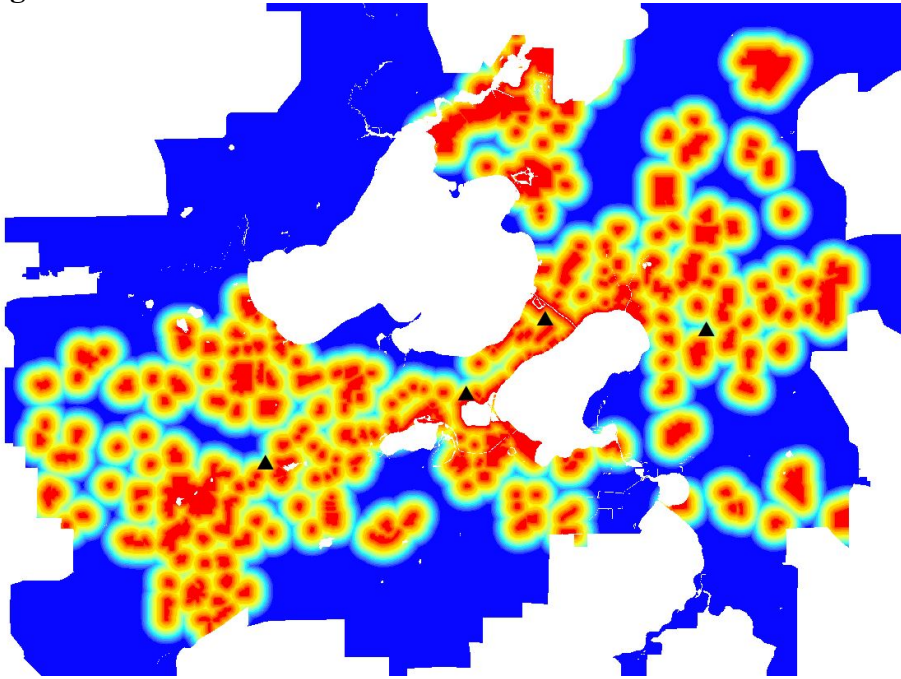
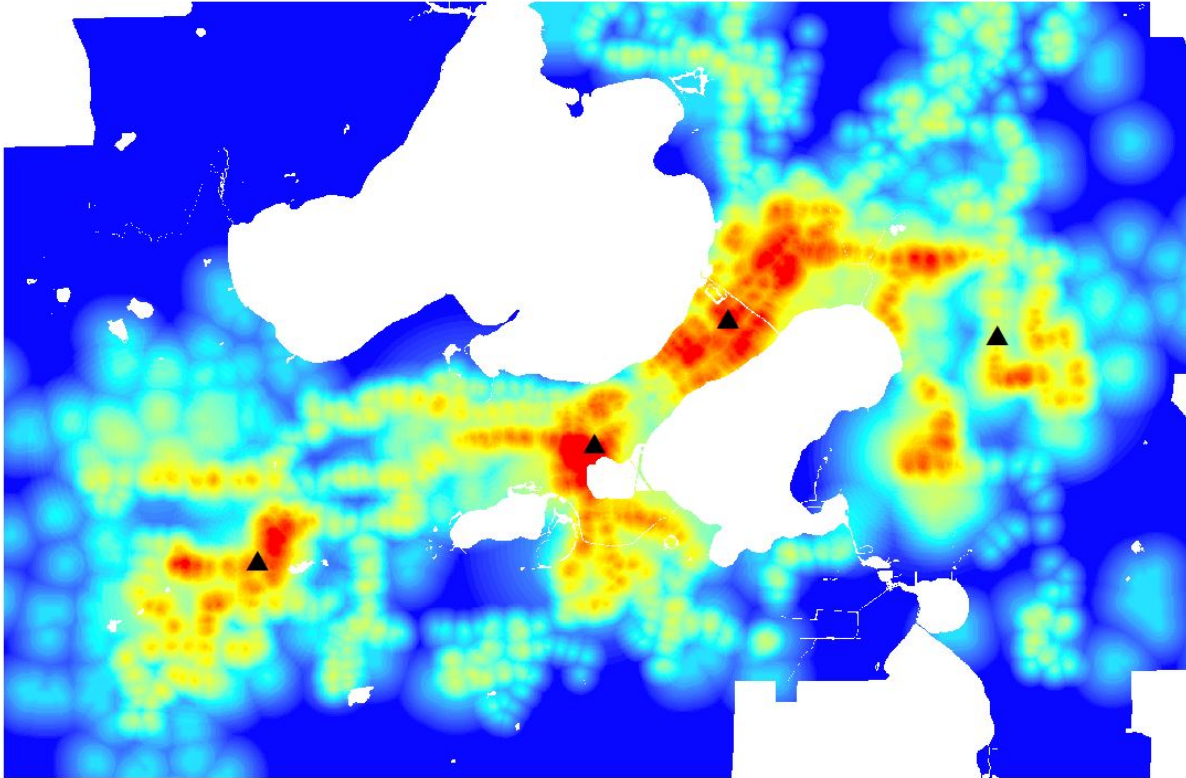


Figure 19: Parks



In order to understand where the most desirable locations in the city were that were, we created a raster representation of the mean scores of all the variables. Below is our result:

Figure 20

We'd like to identify areas that are in high proximity to all of the listed amenities and represented by the dark red pixels. We call these areas "high proximity zones." Upon examination of the mean raster representation, it is clear that there are many three main high proximity zones. The first zone is located on the southwest side of campus, near the beltline. The second zone is located surrounding the Greenbush Triangle. Finally, the third zone is located on the east side of the downtown isthmus. Three of the proposed developments lie within these zones. While the outlier (the Ace Apartments) does not lie within these three zones, it is not situated in a deeply blue area. Below, we have constructed displaying the scoring system.

Results

Bus Stop Scores (see Figure 14)

	Score
Valor on Washington	17
Ace Apartments	18
Schroeder Road Apartments	13
Bayview	14

Grocery Stores (see Figure 15)

	Score
Valor on Washington	7
Ace Apartments	0
Schroeder Road Apartments	5
Bayview	11

Health Facilities (see Figure 16)

	Score
Valor on Washington	0
Ace Apartments	0
Schroeder Road Apartments	15
Bayview	16

Schools (see Figure 17)

	Score
Valor on Washington	16
Ace Apartments	12
Schroeder Road Apartments	10
Bayview	8

Childcare Facilities (see Figure 18)

	Score
Valor on Washington	16
Ace Apartments	0
Schroeder Road Apartments	0
Bayview	4

Parks (see Figure 19)

	Score
Valor on Washington	13
Ace Apartments	8
Schroeder Road Apartments	10
Bayview	16

Mean Combined Scores (see Figure 20)

	Score
Ace Apartments	6.333333
Schroeder Road Apartments	8.833333
Bayview	11.5
Valor on Washington	11.666667

Results

Based upon our scoring system, it is evident that the locations of the Bayview Foundation and the proposed Valor on Washington are both highly situated to host an affordable housing development. According to the mean raster representation, the highest scored cell on the map received a score of 16.5. While we would hope that each development receives a score of at least 8 (half of the maximum possible score), the lowest score was just shy of that threshold. If we were to ignore all other factors and base our judgment of the proposed locations on simply our scores, the Ace Apartments is the “weakest” location, in relation to other amenities.

Valor on Washington

Valor on Washington received the highest score of 11.67. While Valor did receive the highest score based upon geographical proximity to amenities, it is important to note Valor's true walking distances, not simply observing distance as the crow flies. The raster representation gives Valor a score of 7 in proximity to grocery stores. However, upon examining closer, walking distances vary. According to Google Maps, the walking distances and times for each amenity is below:

Grocery Stores (Willy Street Co-Op): 8 Minutes, 0.4 Miles
Notes/Obstacles: Must cross E. Washington Ave

Elementary School (Lapham): 8 Minutes, 0.4 Miles

Middle School (O'Keefe): 12 Minutes, 0.6 Miles
Notes/Obstacles: Must cross E. Washington Ave and walk along a bike path.

High School (East): 18 Minutes, 0.9 Miles
Notes/Obstacles: Entirely walked on East Washington

Childcare (Tenney Nursery): 4 Minutes, 0.2 Miles

Hospital (UW Health-Union Corners): 22 Minutes, 1.1 Miles
Notes/Obstacles: Entirely walked on East Washington

The Ace Apartments

The Ace Apartments received the lowest score from our raster representation. Although it is located slightly further away from amenities than the other developments, it did score very highly on access to transportation. Below are our walking distance measurements with data from Google Maps:

Grocery Store (Woodman's): 33 Minutes, 1.7 Miles
Notes/Obstacles: Walk partially on bike path.

Elementary School (Elvehjem): 24 Minutes, 1.2 Miles
Notes/Obstacles: Must cross Cottage Grove Road

Middle School (Whitehorse): 29 Minutes, 1.4 Miles

High School (Lafollette): 50 Minutes, 2.4 Miles

Notes/Obstacles: Further than any other school

Childcare (Discover and Care Family Child): 16 Minutes, 0.8 Miles

Notes/Obstacles: Must cross Cottage Grove Road

Hospital (UW Health): 58 Minutes, 2.9 Miles

Notes/Obstacles: On a bike path

The Schroeder Road Apartments

The Schroeder Road Apartments are in a unique area. While they do not lie within boundary of any neighborhood associations, it is a more residential area. That being said, the development is restricted by the two major roads surrounding it. It remains separated by the neighborhood on the other side of Schroeder Road. In addition, the two major roads pose obstacles for the tenants. It is not easy to cross a highway and while the grocery stores may be “close,” they may still be relatively unattainable or inaccessible. Below are the walking distances according to Google Maps:

Grocery Store (Hy-Vee): 13 Minutes, 0.6 Miles

Notes/Obstacles: Must cross under the highway

Elementary School (Falk): 22 Minutes, 1.1 Miles

Notes/Obstacles: Must cross Schroeder Road

Middle School (Jefferson): 54 Minutes, 2.7 Miles

Notes/Obstacles: Must cross the highway

High School (Memorial): 52 Minutes, 2.6 Miles

Notes/Obstacles: Must cross the highway and Mineral Point Road

Childcare (La Petite): 18 Minutes, 0.9 Miles

Hospital (UW-Health Odana): 15 Minutes, 0.7 Miles

Notes/Obstacles: Must cross the highway

Bayview Foundation

The Bayview Foundation already exists and is simply being remodeled. Its area has a deep history and while it is slightly closed off by the new developments and Park Street, its community is very large and has already established themselves as a neighborhood. Below are the walking distances according to Google Maps:

Grocery Store (Asian Midway): 6 Minutes, 0.3 Miles

Elementary School (Franklin Elementary): 27 Minutes, 1.4 Miles

Middle School (James Wright): 32 Minutes, 1.6 Miles
Notes/Obstacles: Must cross Park Street

High School (West): 32 Minutes, 1.5 Miles

Hospital (Meriter): 8 Minutes, 0.4 Miles

Childcare (Meriter): 8 Minutes, 0.4 Miles

Interviews

Our interviews consisted of speaking with individuals that were working directly on the four proposed developments. This included two individuals who work for the City of Madison's Department of Planning, Community & Economic Development (DPCED), an Alderman for the City of Madison, and two individuals from the development companies from two of the four sites, Gorman & Company and Stonehouse Development.

Jim O'Keefe

Our first interview was with Jim O'Keefe, who is the division director of the Madison DPCED. Our interview occurred on November 15, 2018 at around 5:30 PM. Jim, who noted that he works mostly on the financial side of affordable housing in Madison, gave us an overview of how the housing tax credits work in the city of Madison. The most important, in terms of

monetary value, of the tax credits is the WHEDA housing tax credits that are given out.

WHEDA, the Wisconsin Housing and Economic Development authority, gives out chapter 42 tax credits each year in the form of \$4.5 million. These tax credits, which are known as Housing Tax Credits (HTC), are given out according to a scoring criteria that WHEDA has constructed. The City of Madison, however, has developed its own Affordable Housing Fund to support construction costs and developments of new proposals.

In order to achieve funding from the Madison Affordable Housing Fund, the AHF releases a set a criteria to follow. To briefly explain the tax credit process, each developer applies for the tax credits through the City of Madison, and they have to score themselves on the criteria that WHEDA provides. The closer your development matches the criteria, the more likely you are to receive WHEDA credits. As Jim states, these tax credits can cover as much as 70-75% of the total project cost, which comes mainly from construction. The average amount of housing units that WHEDA is looking for is 70 units, with the most important factor being proximity to public transit. Jim discusses how these transit routes need to be fixed and need to provide 7 day service. The developer also needs to hone in on one specific group that will be served by that particular development, so homeless, veterans, and persons with disabilities are all options. Based on this scoring criteria, a “one or two-point differential may decide if they get tax credits or not”.

Nicole Solheim

Our second interview was with Nicole Solheim, who works for Gorman & Company as a project development manager. Gorman & Company is proposing the Valor on Washington location on the east side of Madison on East Washington Ave. The company is using 9% tax credits that will be delivered over 10 years that will essentially cover construction costs. This

location was a site that is owned by Dane County and was originally used for Beacon, which is a homeless shelter in Madison. The property is within the Tenney Lapham neighborhood, and one of their mission statements as a community is to provide more affordable housing within the community. This creates a unique opportunity within the neighborhood, because there is no public backlash when an affordable housing development moves in. After Nicole went over the details of the Valor on Washington project, we discussed a bit of the specifics. This specific location says that their targeted population is veteran families with children. Nicole says this is because the veteran support group Dryhootch said it was needed in Madison. While there is a lot of affordable housing geared towards single veterans, there is not a lot that is geared towards veterans with families. In those this somewhat minoritized group, Gorman & Company is making themselves more competitive in the WHEDA scoring criteria. There was also a push from the community that there is affordable housing that is promoted for families. One issue that came about when we were discussing was the idea of how to make housing preferences not prejudiced, because they may be geared to a specific group of people. There are two lists that are made when deciding who is going to fill the units: one with a list of people who do not fit the targeted group, and a list of the targeted group (veteran families). Then the people that are chosen to fill units first from the targeted group list and then from the non-targeted group list.

Julie Spears

Julie Spears is the Grants Administrator of the Madison's Department of Planning and Community and Economic Development, and she is highly involved in Madison's affordable housing industry. Our interview with her was very informative in regards to the city's targeted map, because she broke it down step-by-step for us. There are a lot of factors that go into the targeted map, but the main focus is on providing good access to public transportation and

keeping affordable housing spread out in the city, while avoiding areas that are far away from the center of Madison. The city does not officially put any other amenities into consideration for their targeted map, but Julie said that they pay attention to schools and other amenities when they look at individual proposal locations. Julie also talked a lot about the success of Madison's affordable housing program, and referenced the fact that the city reached its goal of building 1000 affordable units in under 5 years. She mentioned many of the previous developments that were made by the city, and said that some developments specifically have been impressive. Overall, we learned a lot about the context of affordable housing in Madison and about how the targeted map was made based on this interview.

Rich Arnesen

Rich Arnesen is the vice president of Stonehouse Development, the company proposing the Schroeder Road location. We had some concerns over the location, because it is posed between two busy streets, the beltline and Schroeder Road. As we have also learned in our previous interviews, it is extremely difficult to find land that is available to build on and at a reasonable price. While he said that he wished that the site weren't near the beltline because it can be very noisy and it doesn't have great walkability, it was the best site that was available within the targeted map. Rich was actually approached by the owner's son of Babe's (the sports bar and grill that is the location of the proposed site), to buy Babe's because the owner is going to retire and was going to sell the building. The new development will include a total of 96 units, with 81 of those being subsidized with Babe's then being located on the first floor (cite Schroeder road application). However, there was a large issue with pushback from the community when they heard that an affordable housing development was being proposed in their

area. Rich voiced an opinion that we have heard from our others interviewees. He stated that affordable housing developments are seen as being “positive on the east side” and “negative in a way on the west side”. This exact concern rang true in the neighborhood of Greentree, near Schroeder Road. There were three community meetings in which community members came and voiced their concerns. Many of these concerns were such things as increasing crime rates, lowering property values, and an overflow of students in the schools. Stonehouse Development brought in a police officer as well as a city education official to ease the community’s concerns. Overall, Rich said that most of the community concern dissipates once the project is built.

Matt Phair

Matt Phair is the Alderman for the 20th district, which is the area that Schroeder Road is in. Our interview took place on November 27th at around 5 p.m. at Colectivo Coffee on State St. Our interview with Matt was helpful un further understanding the pushback from the community, as well as the shortcomings of the development. We discussed how it was very difficult for the community to accept the proposed development. As an active supporter of affordable housing, Phair was crucial in helping alleviate the concern among community members. He worked with Stonehouse development to bring in the police officer and someone who worked for the board of education to address crime and school overflow concerns. Another issue we discussed pertaining to Schroeder Road, was the issue with the distance to the grocery store. While Stonehouse Development states in their application that they are less than a half mile from the closest grocery store, Hyvee, there is a large issue with actually getting there. The Hyvee is across the Beltine and while it is geographically close, it is actually very difficult to get there by foot or public transportation.

Discussion

Based on the interviews we conducted, we learned a lot of useful background information on how affordable housing functions in Madison. For example, the fact that multiple interview subjects stressed that it was very hard to find development locations for affordable housing is significant because it shows that the city and developers are being forced to take whatever they can get in many cases. There is a real struggle to find locations for affordable housing anywhere in the areas that are designated by the city, which means that the residents of some locations could potentially be inconvenienced in terms of distance to nearby amenities. This was incredibly important to learn about in regards to our project, because we are now aware that there is a heightened chance that some affordable housing locations will be less accommodating to residents based on the fact that the city and development companies struggle to find locations within the city. One sentiment that was voiced by a developer was that the city should expand their targeted map to include more areas so that it could be easier to find locations, and he believed that the city was in such desperate need of affordable housing that it did not necessarily matter where the developments were located, as long as they were within the city (Appendix 4). This conflicted with what one of the city officials said, because he mentioned that the restrictions in the city's targeted map were meant to accommodate residents by not placing them on the fringes of the city (Appendix 1).

One of our interview subjects, Julie Spears, went into depth with us about how the city's targeted map was made. We learned that the city considers a lot more factors in their targeted map than we suspected. To start, the city set a 0.25 mile buffer around routes that run every 30 minutes, 7 days a week. They also designated some areas as "Fringe Areas" and excluded them from the map, because they were determined to be too inconvenient for residents if they worked

on the other side of town. The city also has excluded many areas that are high in assisted housing concentration, because they do not want to have affordable housing be concentrated in areas for the well-being of the residents and neighborhoods. There are some exceptions made to these rules in some cases, and a lot of decisions are left up to the city (Appendix 3). It was interesting to know that a lot of the things that came up in our literature review were mentioned by our interview subjects, such as the desire to keep affordable housing spread out in cities. The city's map did not have any consideration for amenities outside of bus stops, however, which was important for us to learn. Theoretically, there could be issues with accessibility to amenities in some affordable housing developments within the city based on the fact that they are not accounted for in the targeted map.

We also learned that Madison's affordable housing program has been relatively successful compared to other cities. Julie Spears stated that Madison's success is "unique compared to many other cities" and that people within the industry are often surprised to hear that Madison met its 5-year goal of providing 1000 affordable housing units (Appendix 3). Julie said that these goals are often not met, so it is seen as a big accomplishment for the city to have reached their goal. This was significant for our project because it let us know that we were analyzing an affordable housing program that is relatively successful, and that many people believe the city is doing very well at building affordable housing.

Our interviews also helped us to better understand how much Madison needs affordable housing currently. The people we spoke to mentioned that there is a very high demand for affordable housing in the city right now, and that there are a lot of low-income and homeless people in the city who are desperate for affordable housing. Matt Phair went as far as to call it a "crisis" in housing, which we thought was important to learn (Appendix 5). Jim O'Keefe told us

that Madison has a 3% vacancy rate for housing, and that a healthy housing market has about 5% (Appendix 1). He also said that this hurts the low-income community the most, because they get squeezed by rising rental rates (Appendix 1). This demonstrates the urgency that the city feels about Madison's current need for affordable housing. Even though Madison has produced affordable housing at a relatively fast pace, the people we interviewed believed that Madison still needs a lot more affordable housing units. This issue is directly related to homelessness in Madison as well, and a couple of the interview subjects mentioned that in a lot of cases homeless people are being moved into affordable housing units.

Another theme that was revealed through our interviews was that in many cases the community is opposed to the construction of affordable housing due to fears of crime and traffic entering the neighborhood, which poses an additional barrier to creating affordable housing. In previous years this was a bigger problem because communities had more of a say in whether or not affordable housing could be built in their neighborhood, but we learned that the city instituted new zoning codes that restrict the power of neighborhood constituents to say no to affordable housing. The Schroeder Road neighborhood association meeting was described as "super hostile" and many people within the community were upset about the affordable housing development (Appendix 4). On the other hand, Valor on Washington was well-received by the community, which we were told was rare (Appendix 2). One developer believed that the east side of Madison was generally supportive of affordable housing, but that the west side was not (Appendix 4).

We also learned that the system for developers to receive funding from the city completely revolves around the developers also being able to receive WHEDA credits, which is significant because the city aligns many of their criteria for giving out funding with WHEDA's

criteria for funding. The competition for WHEDA credits is also fairly strong, and the city does a good job at rigorously going through the stages of applying for funding, which shows that affordable housing developers need to have strong developments in order to actually be approved (Appendix 1). Some of the developers we interviewed remarked on how Madison in particular has a long and strenuous approach to building affordable housing, and that many development companies are not attracted to making affordable housing because of the long process that they must go through to get their developments built (Appendix 2, 3). This is evidence that the city administrative workers truly want to make sure that the affordable housing units are high in quality and adequately serve the residents. Overall, we learned a lot of crucial information about the intricacies of the affordable housing system in Madison and specifically how affordable housing developments are created.

Conclusion

If cities are to fully embrace new affordable housing developments, the city governments must aid those developments with resources. Madison has been remarkably supportive of these developments and city staff has worked tirelessly to make sure their proposed developments are competitive and strong as possible. Ultimately, the success of affordable housing developments depends upon the development's attainment of state tax credits. Madison's Affordable Housing Fund is geared to support developments in obtaining these credits. Our study sought to discover how well the four proposed locations assist the residents through proximity to amenities and what kind of considerations the City of Madison could take in the future when requesting proposal developments. It is evident that the Targeted Map that the city releases could be more interactive and take into consideration many other amenities, rather than putting such an emphasis on public transportation.

Through our interviews and GIS analysis, it was made clear that while geographic distance is important, it is also crucial to take into the consideration that there may be barriers in the way of access to these amenities, such as highways, major roads, and disconnects between public transportation. We must recognize that while each of the developments receive varying scores, they are all developments moving in the right direction. Madison, like all other cities, are struggling to provide enough affordable housing for its residents. Finding locations for affordable housing within Madison is a very difficult process. Developers struggle to afford land prices for potential affordable housing developments, thus not always developing on the preferred land. With all of that taken into consideration, we have found that the City of Madison has been very successful in supporting the development of affordable housing. Not only this, but the long route that is taken through the application, development, and implementation process proves to be successful because of Madison's amazing task of surpassing their goals over the past few years. Many of the interview subjects that we talked with emphasized the smooth process that the city has perfected over the years, making them more competitive to get WHEDA credits. The four proposed developments vary in terms of access to amenities, but we believe that they will still adequately serve the community on account of the city's strong need for affordable housing. The process of building affordable housing in Madison is long and difficult, so given the challenges it is impressive what the city has been able to accomplish.

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Julie Spears: Grants Administrator for the City of Madison's DPCED

Matt Phair: Alderman for the 20th District

Nicole Solheim: Development Manager for Gorman and Company

Rich Arnesen: Vice President of Stone House Development

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Appendix 1
Jim O’Keefe Interview 11/15/18

<p>Jim: The city of Madison has an acute housing shortage due to housing development coming to a halt in the recession while population increased. Madison is a majority renter town, so there is a great deal of pressure on the renter housing market today. This means that rent has gone up and lower income households are being squeezed. The response was to form an AH committee, with the goal of 1000 new affordable housing units with 250 homeless units using \$4 million. You can’t build rental housing in Madison and keep rents low enough for low income households without subsidies. The response was to use chapter 42 tax credits, aka WHEDA credits. Once a year, WHEDA has a competition for developers to be granted credits for AH developments. The city of Madison determined that if they supported developers to get WHEDA credits it would be beneficial, and of the 14 developments that were supported by the city all were granted WHEDA credits. Madison is the only city in the state providing direct financial support to developers, and this gives the developers a head start in the process. We have a focus on not clustering projects, and making sure they look similar to regular housing developments. Every year, the city meets to discuss how to allocate the \$4 million housing fund, and the process is timed so that developers can submit their applications with funding promised in advance. WHEDA applications are due December 14th, and if the WHEDA credits are not granted the proposals will not be built. WHEDA has standards for how many credits per unit can be given. Projects that requires more credits from WHEDA will be much less competitive than others. WHEDA is driver in what credits look like, most developments look the same because they know what WHEDA is looking for: a mix of very low</p>	<ul style="list-style-type: none"> • First commitment of the Affordable Housing committee was to create 1000 new affordable units using \$4 million. • Madison is the only city in the state providing direct financial support to developers. • Madison is unbelievably successful in obtaining the WHEDA credits. All of the 14 developments were given credits. • If the city provides funds, then the developers will need fewer credits. If there are more credits to go around, then
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<p>income and moderately low income units. The city of Madison annual competition is meant to reinforce WHEDA standards: AH should be near public transit, near grocery stores, employment, schools, and parks, and the city sets their own scoring standard for this.</p> <p>Noah: Is there a specific ranking system for the nearby amenities of the developments?</p> <p>Jim: There is no specific ranking system, no ranking of points by the city of Madison, but we identify what is important to us. The single most important factor to us is proximity to public transit, within a quarter mile of fixed transit routes that provide 7-day service. It is very hard to get funding if you are not near bus stops. The rest of amenities are a collective second to public transit. In some ways this is a limitation enforced by us, but we think that access to transportation is so important. In our targeted map, we tell developers that they need to be building AH units near public transit. Ineligible areas are designated because they are too close to high poverty and high AH areas.</p> <p>N: Is this the only factor in ineligible areas?</p> <p>J: For the most part, but the area around the university is also ineligible because students do not have a lot of income, so it is best to look away and ignore the campus area.</p> <p>N: Which demographic of people is in most need of affordable housing in Madison?</p> <p>J: So our focus, if we were to identify a primary focus, is to serve homeless families and homeless people or people that are close to homeless. Because of the very tight housing market, we have one of the lowest vacancy rates in the country (around 3%). When you factor in that when a tenant leaves, there is a lag, the true vacancy rate is even lower than that. Healthy housing market</p>	<ul style="list-style-type: none"> • The city has no specific ranking system for amenities, but prioritizes bus stops over others. • Focus on keeping affordable housing outside of high poverty and not concentrated to one area • Focus on assisting homeless people in Madison • Mentions that Madison’s housing market is squeezing low-income families
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should be around 5%. As rental rates have increased, the squeeze is on low income individuals, even more acute for families in 2-3 bedroom apartments, and I think the need for housing is most comparable, so I don't know if I could single out a single demographic, but we are required by the federal government to prepare a report on who needs affordable housing. One of Julie's primary roles is funding, she likely knows more about the individual developments.

N: What are some of the issues surrounding the site selection process?

J: One of the complaints that we hear most often from developers is that they can't find properties available for these projects, especially in areas we designate, and sometimes they can't afford them. They have a real dilemma meeting our requirements and being able to afford properties within areas. We only have \$4 million a year and they only have so many tax credits. Developers have to be mindful of how much they pay for the land. The other thing that is common for every project we have done and will do is that the response from people living around proposed sites is that "we think it's great that the city is building AH, but we don't want it here." What impact it will have on crime, traffic, property values, there is a general misunderstanding among residents about who will be living in these projects, there is a racial element. When some people hear that some families pay market rate rents and earn \$45K, and that they have leases and pay rents, some of that is relieved, but we do get a lot of pushback from communities. Crime rates belief is not grounded in fact, nor is the fact that property values will decline. 19/20 studies on impact of AH on surrounding property values is that the property values grew at the same rate as the rest of the community. It is a knee-jerk reaction. We try very hard, it would be easier to look to areas

- Difficulty of finding AH locations

- Neighborhood backlash to AH

- States that putting AH into neighborhoods will not result in higher crime and declining property values

<p>of Madison where there are high concentrations of poverty, subsidized housing, because land is cheaper, but our goal is not to do this. Another pushback is that the increasing density that these developments bring. As the city continues to grow, there is some resistance to idea that new areas are developing more traffic and becoming more dense.</p> <p>N: Do the section 8 vouchers have restrictions on where residents can live using them?</p> <p>J: Most of them are mobile, which means that voucher holder can go anywhere in the city, they are pretty generous, theoretically they can go anywhere. Reality is that a lot of landlords are not inclined to accept these vouchers even though this is supposed to be illegal, many loopholes. Tight market means that property owners have many clients looking to rent units, so they can easily not accept section 8 vouchers. Some ones prey on voucher holders who have nowhere else to turn.</p>	
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Appendix 2
Nicole Solheim 11/16/2018

<p>Nicole: Gorman was formed in the mid 80s by Gary Gorman, he was an attorney involved in affordable housing at the time and that was when the tax legislation was introduced, Gorman specializes in affordable housing as a niche interest. There are projects where communities come to us and say what they want, also we find them sometimes. This site in particular is owned by Dane county, the beacon was their first use for this site, which was not the best use for the site. They moved the beacon farther up East Washington. There was some drama between the city and the county. The county had a neighborhood</p>	
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Noah: Are most of your other projects Affordable Housing or are you involved in other areas?

Nicole: We do more community driven projects, WHEDA, a lot of historic, adapted projects, we have a lot of hotels that were in fill sites. In Milwaukee we have the Brew house, 3 total projects in Milwaukee. Was financed with historic tax credits and eb-5, which is investing in exchange for a visa. We have a hotel in Kenosha, we're turning part of it into an event center, and that was using historic tax credits.

Noah: So the location on Washington is owned by Dane county?

Nicole: Yes, and we will have a 99-year lease on it.

Noah: What's at the location now?

Nicole: An industrial abandoned building and an old house. The county issued a request for proposals, and we were selected. The long term ground lease is \$1. Projects like this are very visible and they don't care if you're affordable or not, you still have to look good. Most of our units are affordable but we have market rate units too.

Noah: How you think the residents will end up contributing to the East Washington community?

Nicole: We have another project farther down East Washington and its been done for a year and a half (Carbon), the residents there are even a little more isolated but that development is so popular and they really feel like part of the neighborhood, we have community meetings 3 times and year and they really consider themselves a part of it. Its

- Talks about the success of their previous AH development

<p>unique to each individual, some people might not want to be a part of the community.</p> <p>Noah: Was there any backlash from the community about the development?</p> <p>Nicole: Neighborhood had a lot of comments on the design of the building but not the development itself. Flooding in August weighed on people’s minds a lot and we changed design afterwards to move a parking level from underground. This is a rare case with no community backlash. The police have to end some meetings with screaming people in gyms. The city of Madison is supporting projects financially, and that makes a difference in community meetings. When they’re on your side its easier to fight against backlash.</p> <p>Alex: Why did you prioritize veterans over other subjugated groups?</p> <p>Nicole: One of the WHEDA scoring items is having units targeted towards veterans, and you have some units that are most affordable targeted towards homeless. There has not been housing that is particularly targeted to veteran families. Family housing is something the community really wants.</p> <p>Alex: How do you promote a development towards veterans?</p> <p>Nicole: Good question, there are lots of fair housing laws related to this. Most of our projects have some sort of preference, we work with veteran groups, we have two waiting lists, one for veterans and one for everyone else. There are certain things that we can’t say but we can have preferences.</p> <p>Noah: How does your development compare to other proposals?</p> <p>Nicole: Stone House, Ace, and Bayview are the other three. Bayview is a little different</p>	<ul style="list-style-type: none"> • There was no backlash from the community for this proposal, which is rare • Appreciative of the city’s support • WHEDA prioritizes veterans
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because they are applying in January for 4% fed and 4% state credit. That's a noncompetitive credit program. They still have to apply for WHEDA too. Some new families are coming into Bayview, I really like it. Stone House is to the west and it is right next to the beltline, which is a weird place but it's hard to get locations. We have a good partnership with the Road Home, which is an on site service provider. The Ace is working with Movin' Out, they do good work with people with disabilities. We have a lot of other sources, this is a partnership with the county, and the county is going to give us 1.5 million. We don't want to ask for way too much money, there is a bit of a balance.

Alex: How has it been working with the city and the county?

Nicole: Depends on the process, like any company. The city affordable housing fund is great and they know what they're doing, but the process does take a really long time. We had an interview with the city staff, presentation, etc. The county is different, it's a lot faster process. We work a lot with city staff members. The city is good to work with, they have a very smart staff. Madison is the longest process of all the cities we operate in but the most detailed, and the most involved.

Alex: How does the increase in county housing fund impact Madison?

Nicole: I think it will lead to more projects in Madison, Madison is doing so much more than other nearby cities. Hard to think that these are \$14-15 million projects, the scale is huge, you get to a point in the project where that's it and you need the resources to complete it. I hope it gets more projects outside of Madison as well. Madison has the highest need and highest funding of county. It's hard to do projects in other communities that don't want affordable housing.

- Mentions that the city is knowledgeable about AH, but that the process takes a really long time

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Appendix 3
Julie Spears 11/16/2018

<p>Julie: We're trying to aggressively increase the amount of affordable housing in Madison. WHEDA is more technical in terms of ranking amenities within 1 mile, but we have a lighter approach. We focus on having projects in allotted locations. Our five-year goal was 1000 units, 200 per year. Our goal has been met but we are still building many more of them. This is a big deal and because goals like these are often not met. It's a big deal for Madison, we have been fortunate to have the mayor on our side. It is unique compared to many other cities. There is a lot of surprise from some people in the industry who hear about Madison's success. In 2017 we put in place a waiver that had an impact for parking fees, they only have to pay parking unit fees on market rate units. The city's comprehensive plan was recently updated, with fair housing barrier report in 2013. We need affordable housing for all subjugated groups. People with a high need for services need specific units and we want to spread these units out so that they aren't in the same place. Majority of units are 50% AMI and 2 bedroom, due to the math, but we'd like to see more 30% AMI units. In 2014 we were scrambling so we said at a minimum we don't want housing in 2 areas that were high in racial segregation and poverty. Then we got deeper in our data and more specific later on.</p> <p>Noah: How did you construct your targeted map?</p> <p>J: We put a quarter mile buffer on transit for routes that run every 30 mins 7 days a week. We outline Neighborhood Resource Team</p>	<ul style="list-style-type: none"> • Aggressive approach to increasing affordable housing • Success of Madison's affordable housing efforts in recent years • Most units are 50% AMI and 2 bedroom, but the city wants more 30% AMI units • Focus on transportation access for residents
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<p>J: We see them as partners. Traditionally we only funded nonprofits. Nonprofit organizations are mission driven and the workers are passionate about affordable housing. WHEDA will give you a certain percentage around 10-12% of the project, and you can reinvest this in your business and take it home.</p> <p>N: Would you say that developers seek out affordable housing?</p> <p>J: Affordable housing developers are in the business, if you are developing tax credit housing you are developing affordable housing too. In many cases they are trying to maximize the developer fee and make a lot of money. They are providing an important service to the community. It's the most successful program for AH that country has ever developed. There is a lot of discussion about unaffordable AH in regards to developers maximizing profits. These are just some criticisms but there are no real alternatives to this strategy. The vacancy rates are so low that it's tough. Our intent is to help rebalance the market, even though it doesn't reach the poorest of the poor. It can get heated in the negotiation process because at the end of the day we are providing junior debt in the process, so were acting as a bank. It's your standard contract negotiation. It can also get heated when a planning division wants to see a redesign of a project. A market rate developer can absorb more expenses than AH developers. Construction costs go up more than 10 percent every year because of a labor shortage. A lot of veteran construction workers are retiring and there aren't enough younger folks going into this trade.</p> <p>N: Out of the four proposed units did any have any glaring issues?</p> <p>J: The ace is not in a preferred area, in an eligible area. Transportation is ok but not</p>	<ul style="list-style-type: none"> • The current program for AH is the most successful one that our country has implemented • Negotiation process between developers and city can get heated
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<p>great, doesn't have core transit requirements. We decided to fund it because we need the units, and we're mostly concerned about households that might not have cars. One of the developers works primarily with people with disabilities, and they think the clientele will have transit anyways through other programs. We want to see more family units in some areas because some schools have threatened to shut down. Valor worked with community for inputs, and Bayview is well connected with the community, even though historically they have not been. They're making a strong attempt to open up the community and increase connectivity.</p>	<ul style="list-style-type: none"> The Ace apartments are not in a preferred area, but they were desperate for the units so they approved it
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Appendix 4
Rich Arnesen 11/19/2018

<p>Noah: How did you get into affordable housing?</p> <p>Rich: I started working in Madison at the Alexander company, they were doing a lot of historic tax credit deals and started combining those with affordable housing, and later I left and started Stone House Development. It was a good way for us to get started and a good little niche.</p> <p>N: With the difficulty in selecting locations in Madison, how did you choose Schroeder road as your development location?</p> <p>R: Madison had a reputation of being difficult of doing development with, we were one of the few doing AH here at the time. Then the recession hit, and Madison changed the zoning code in order to make it easier to fit modern developments into the city, and Madison's economy has gotten crazy in recent deals, there were a lot of market rate apartments going up, so yes its hard to find any site for AH due to competition.</p>	<ul style="list-style-type: none"> The city changed its approach to affordable housing after the recession
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<p>The Schroeder road site, someone came to us and said my dad is retiring so they asked if we could do a deal with Babe's. It's not a perfect site but it's rare to get a perfect one, it's not cheap but large, but we found it through local contacts.</p> <p>N: What are some attributes of what could be better with the location?</p> <p>R: It's not good that it's right by the beltline, we're not right on it but close enough for the noise factor, it has some good linkages, not the best walk in the world to the grocery store, from a straight line proximity it'd be nicer if the grocery store was closer, but I think it's pretty good, a nice green view nearby too. We weren't as excited about the site initially but now we know about Exact Sciences is doing nearby less than .5 miles away, and they're renovating the area for 1000 new jobs in the area.</p> <p>N: Do you think being located between Schroeder road and the beltline is a barrier?</p> <p>R: Were not really in a neighborhood so to speak, not right in a neighborhood, which is good and bad. First neighborhood meeting was somewhat hostile, but the second one was better. Its always a struggle, but in certain neighborhoods there is some nimby-ism. Some concern about views and traffic, but many areas are not hostile to affordable housing. Generally positive attitude towards development on the east side of Madison and negative on the west side.</p> <p>N: Do you find the targeted map that the city released restrictive?</p> <p>R: I don't find it that restrictive, they do a pretty good job. The tradeoff is that it'd be cheaper on the edges of town, but we don't want to build there anyways. We'd like to build on the isthmus anyways, so I don't think</p>	<ul style="list-style-type: none"> • Property owner came to the development company with the offer • Concern about the development being close to the beltline, grocery store distance, but overall supportive of the location • Hostile neighborhood meeting occurred, but the second one was better. • Says that the east side of Madison is more accepting of AH than the west side • Thinks that the city's targeted map works well
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<p>they're too restrictive. You could find a site on the map, and being an experienced developer you could know that it would be a good site despite not being exactly in the targeted area.</p> <p>A: If you were making a map of the best areas for affordable housing in Madison, what would you consider?</p> <p>R: The demand for AH in Madison is so great that the entire isthmus should be green, and also a little bit past East High all the way to Hilldale, anywhere in that area would be a good site. But still the maps they use now are good enough I guess.</p> <p>A: You said that developing is difficult in the city, how specifically?</p> <p>R: Before the new zoning code, it was a higher bar to get an approval. The neighborhoods had a lot more power than they do now, but now with the new zoning the conversation is more about what the building looks like, and it's harder for neighborhoods to say no. The planning commission with the city can point to the zoning now when neighborhoods protest. The fact that land prices are getting out of control makes it very hard to find locations for AH.</p> <p>N: Do you have any thoughts on the relationship between developers and the city?</p> <p>R: It could always be better, the city recognizes this and tries their best, but it's still a process because we have to apply to the city and convince them of our project. It'd be nice if the city said if you apply for credits and you get them, we'll automatically give you some funding. City had some issues with the beltline and proximity to grocery store, there was some back and forth about this, but I doubt it's ever going to be too easy because</p>	<ul style="list-style-type: none"> • Fluid process for discussing locations • Thinks that the demand for AH is so high that the eligible areas should be expanded • Zoning code was changed in order to make it easier to build AH • Relationship between developers and city "could be better" • City had some issues with the location of Schroeder Road apartments
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<p>there would be too much competition among developers.</p> <p>N: If you had to predict, where would most of the residents in your development would be working?</p> <p>R: I think our residents tend to work near our buildings, I think we'll have a lot of service workers, retail, dishwashers, and senior citizens, so generally most will work fairly close to the buildings, many of them don't have cars especially in downtown locations, because it increases monthly expenses. A quarter of them don't have cars, a lot bike and take the bus, the west town area will be a source of employment, maybe the hospital.</p> <p>A: How could the city of Madison or the federal government improve the process of building affordable housing?</p> <p>R: Biggest issue is the cost of construction has skyrocketed, it is insane. Labor costs are increasing rapidly. It's a trend nationally but it's mainly a local issue, and its particularly bad in Dane county. You don't get a good sense of the cost unless you talk to local construction workers. It's kind of scary. We just need more money and it's getting very hard to do a quality deal. WHEDA could give more credits, federal government could provide more money, there's lots of people trying to get congress to make some deals to increase funding. WHEDA could provide more deals too, but it makes it harder for us when they don't want to give too many credits to increase competition, there's a balance there and WHEDA could certainly increase the amount of credits given. They don't want to be fooled, so they discount to a certain extent what people are saying, they make some changes but don't go far enough. The timeframe for developing is long, takes years, tons of steps and paperwork. If we're lucky it's this time next year when</p>	<ul style="list-style-type: none"> • Believes that residents will work near the building, and that most will have cars • Cost of construction has skyrocketed, and it is a national problem • Thinks that developers need more money, and that it is getting harder to make good deals • Wants more WHEDA • Takes a very long time to build affordable housing
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<p>and they want to live where they work. It's not like the government is paying people's rents and nobody is working.</p>	
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Appendix 5
Matt Phair 11/27/18

<p>N: Do you have any overall thoughts on the neighborhood association meeting?</p> <p>M: Overall, the people who have reached out, you want to be careful, but are worried about it, opposed. Traffic concerns, I think we can give them good evidence against that, as well as for crime and safety concerns. Too much pressure on local schools, this died down after meetings. Some storm water concerns.</p> <p>N: What were some changes in the second meeting?</p> <p>M: Tension was lower, probably because most people had been to both meetings.</p> <p>N: Since the meetings are open to the public, do you have a gauge on types people who came to meetings?</p> <p>M: People who live nearby mostly, everyone was in proximity to the development, almost exclusively people who lived quite close.</p> <p>N: Do you think the development will be integrated into the community? Once the building is built will it blend in do you think?</p> <p>M: Physically it will be part of a separate entity, very residential neighborhood with single families, physically it will stand out but I think people will get used to it eventually. Its gonna be somewhat isolated because of the roads nearby, there is not a park too nearby, so its a little isolated. In some ways this is ok because its easy to get in and out for residents</p>	<ul style="list-style-type: none"> • There were concerns about traffic and schools in the Schroeder Road neighborhood • Schroeder Road is isolated and not very close to a park
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for transportation, but I think over time people will get used to not only the building but people who live there. People don't like change, I'm not trying to be condescending but its true. Average age of people at meetings was over 65 probably, and 30 years earlier things were different, it was safer, it was a different city, so I think people grabbed onto this in order to voice frustrations about change. Fear of the unknown, fear of change play into this, but the people in the affordable housing are regular people who are gonna be working, the whole point is to help people. I assume this will pass but it might take a while.

N: The physical location makes it between 2 neighborhood associations, do you think it will be absorbed by one?

M: Great question. The Green Tree the neighborhood association would integrate it hopefully because the other one is across the beltway, but I think they will find that the people are normal.

N: So you probably know the area better than we do, but the proposal listed Hyvee as the closest grocery store even though its across the beltline.

M: You wouldn't want to walk there, it's not easy to go shopping for a family by foot that way. It's easy to say that its close but it is a bit harder to get to. Woodman's could be easier to get over there, and its cheaper, so I assume people would shop there instead of Hyvee.

N: How involved were you when working with the developers?

M: They reached out to us and we helped organize the neighborhood meetings, I facilitated it but it was mainly for them.

- Says that people will likely shop at Woodman's instead of Hyvee. Beltline poses as a barrier for residents.

<p>N: Is there anything else that could've been changed within the development? Any notable issues?</p> <p>M: I didn't see any issues, this is an experienced developer and they know what they're doing. I have some concerns about traffic but I don't think this project will add to it that much anymore. I don't have concern because were gonna have one building with people with lower income causing more crime. We can handle the services (fire and stuff) and if you look at other buildings they don't get police calls because they know what they're doing and screen residents.</p> <p>N: Where would most residents work?</p> <p>M: I would assume retail, maybe the hospital. The job market is tight so people are gonna go wherever they can. We're hoping to connect a few people to Exact Sciences, they have a program to connect local people to these jobs. Its coming in the next few years and will bring thousands of jobs. As far as traffic this is the most concerning thing. One of the other things people are unhappy with is that Babe's is closing, and it might not come back. There's no guarantee yet. The owner was obviously putting it up for sale though, so it isn't like the housing development is taking it over. It could've been worse with something else replacing babes like a strip mall, which would bring more traffic. It's mostly verbal agreements, could be a different restaurant. Premature to tell now.</p> <p>N: Does Stone House have a focus on veterans?</p> <p>M: 10 units would be geared towards homeless veterans, and Dane County will be in contact with Stone House to help manage the veterans.</p>	<ul style="list-style-type: none"> Says that Stone House is an experienced developer and that he is not concerned with the project causing traffic or crime. Focus on veterans
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<p>M: I think it could, the owner didn't get back to me but maybe it could bring a bit more traffic or residents could spend money or get jobs there.</p> <p>N: Are a lot of the units family units?</p> <p>M: Yeah there should be, there's plenty of 3 bedrooms and they're targeted towards families.</p>	
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