

Dane County Housing Initiative



Tools to Expand Affordable Housing Options

Local Capacity

In an effort to create affordable housing in your community, it is important to have a general understanding of what affordable housing is and to be able to answer some general questions: Who needs it? Why? How much does it cost? How is it paid for? What does it look like? Is there only one kind? What is the role municipalities play in creating it? Who gets to live there? It is also important to understand what to expect from developers.

Did you know?

Nationwide, the portion of the price of housing above construction costs due to the effects of land use regulations rose from 33 percent in 1990 to 56 percent in 2013. (Furman, 2015)

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Comprehensive Planning

- Every municipality in Wisconsin is required to prepare a comprehensive plan that has a twenty-year vision for physical, social, and economic development. Each plan must address at least nine community elements, one of which is housing. Communities typically revisit and update their comprehensive plans every ten years.
- *How does it affect housing?* Comprehensive plans affect housing options because they offer the community the chance to create guiding principles on how much it values diversity of housing options and whether it sets minimum or maximum targets for different housing types.
- *How can it be used to expand housing options?* Use resources like the Dane County Housing Needs Assessment to help determine how your community is doing at addressing housing needs; make sure your community's plan follows the requirements of state law when it comes time for an update or rewrite. Plan for traditional or "planned" neighborhoods as part of your future land use map, including a broad range of housing types within walkable communities.

Zoning

- Communities prepare a code that defines what types of land uses, allowable building size, placement, and appearance are allowed where and create maps that show where those so-called "zones" can be found.
- *How does it affect housing?* One of the main reasons for zoning is to protect residential areas from the negative effects of pollution, noise, and heavy traffic in commercial and industrial areas. However, zoning also limits housing options because it can create large swaths of land with only one kind of housing allowed – often single-family homes – that certainly appeals to many yet doesn't leave much room for people with different preferences, needs, and incomes.
- *How can it be used to expand single family or multi-family housing options?* Reduce or eliminate off-street parking requirements for some areas to lower the cost of developing new housing; reduce minimum lot sizes for single-family detached homes to allow for different types of single-family units; permit increases

¹The Dane County Housing Initiative (DCHI) is a public-private partnership of residents, elected officials, financial institutions, housing developers and non-profit housing agencies. DCHI works to bring people, information and resources together, facilitate communication and learning, and help build strategies to expand housing options in Dane County.

in housing density where it makes sense – above neighborhood retail, along transit corridors, and close to entertainment and services – to make neighborhoods more desirable while simultaneously increasing housing type and diversity; introduce density bonuses and transfer of development rights into the zoning code to increase and reallocate density and diversity.

Subdivision Regulations

- When new neighborhoods and housing developments are developed in a community, developers and local officials rely on subdivision regulation for guidance on how the lots will be laid out and how they will interact with the transportation and utilities networks.
- *How does it affect housing?* Subdivision regulations come into play when larger parcels of land, like farms on the urban fringe or former industrial sites, are split into smaller plots for homes or other building. Developers submit plans that must meet the zoning code with regard to use and the subdivision regulations with regard to street and lot layout, utilities, and land dedications.
- *How can it be used to expand housing options?* Allow for multi-family development in subdivisions; waive or reduce impact fees for multifamily or workforce housing; place higher priority on density by incorporating regulations of cluster development; introduce variations to lot, setback, and right-of-way width to accommodate more diverse types of housing arrangements. Reduce unnecessary infrastructure costs, such as extra-wide streets, that add to housing costs for consumers.

Tax Increment Financing

- *What is it?* Tax increment financing, or TIF, is a commonly used tool of local government financing. A community identifies an area where development is not likely to occur without public investment. Once this district is established, additional property tax revenue from new development goes into paying off investments in infrastructure, public parking, brownfield reclamation, and other public benefits.
- *How does it affect housing?* TIF can be used to fund costly reclamation work or public space improvements to make developing housing cost effective when it otherwise might not have been. Communities that use TIF can also include criteria and conditions around their use of TIF that result in housing that meets those criteria within the tax increment district.
- *How can it be used to expand housing options?* State law governing the use of TIF allows a community to keep a district open for an additional year after it is set to expire. In return, the revenue from that district for that additional year must be used for affordable housing anywhere in the community. Another option can be found in Middleton, where the city created a policy for using TIF for developing workforce housing. (See below for more information.)

For more information:

Dane County Housing Needs Assessment: <https://danehousing.countyofdane.com/documents/assessmentReport/2019/Dane-County-Housing-Needs-Assessment-2019.pdf>

Furman, Jason. (2015) "Barriers to Shared Growth: The Case of Land Use Regulation and Economic Rents." Remarks delivered to the Urban Institute.

Leitner, Martin and Elizabeth Garvin. (1992) "An Introduction to Subdivision Regulations Parts I and II." *Planning Law Primer* 5 and 6. <http://plannersweb.com/wp-content/uploads/2012/08/549.pdf>

Middleton's TIF policy for workforce housing: <http://goo.gl/uIEtBE>

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