



Affordable Housing 101

New Rental

What is Affordable Housing?

Housing is considered affordable when a household spends less than 30% of their total monthly income on housing costs. A household is considered “cost-burdened” if they spend more than 30%, or “severely cost-burdened” if they spend 50% or more on housing—forcing lower-income households to choose between basic necessities such as food, gas, clothing, school supplies, or medicine.

Who Needs Affordable Housing?

26% of all new housing production in Dane County is needed for moderate and lower income households, these include:

- Employers
- Seniors
- Veterans
- Home health care providers
- School teachers
- Firemen
- Families with children
- Child care providers
- Young adults
- Auto-mechanics
- Lab technicians

46% of Dane County renters are cost-burdened, compared to 21% of homeowners.

Approximately 26,000 households, or 12% of overall households, are severely cost-burdened.

How Much Does it Cost?

Affordable multifamily provides housing at a price range from 30% up to 80% of the Area Median Income (AMI), also known as mixed-income housing. These developments typically include market rate units. All below market units are income restricted, and reviewed on an annual basis. For example, 60% AMI for a family of four is \$75,540 in Dane County. The two-bedroom rent limit (rent plus utilities) for a household at 60% AMI is \$1,700.

26% of all new housing demand is needed for low-moderate income households - which aligns with the national demand.

Who Pays for it?

New affordable multifamily housing is made possible through public subsidies. These subsidies include state and local funding for gap financing, land, tax-increment financing, TIF extension funds, and bonding.

To meet demand, Dane County Needs to Produce 1,765 Affordable Units A Year - 1,000 more than we are currently producing.



Taylor Point, McFarland

Development includes 1, 2, and 3-bedroom units and a community and workout room. Sustainably built to Wisconsin Green Built standards including EnergyStar appliances, LED lighting, and high-efficiency air conditioners.



Oak Ridge Senior Apartments, Middleton

70 units of senior housing for households at or below 60% AMI. 9 units are for households at or below 30% AMI. 18 units for tenants with disabilities or veterans requiring supportive services, and 8 units are for grandparents who parent their grandchildren.



Landsby Ridge, Mount Horeb

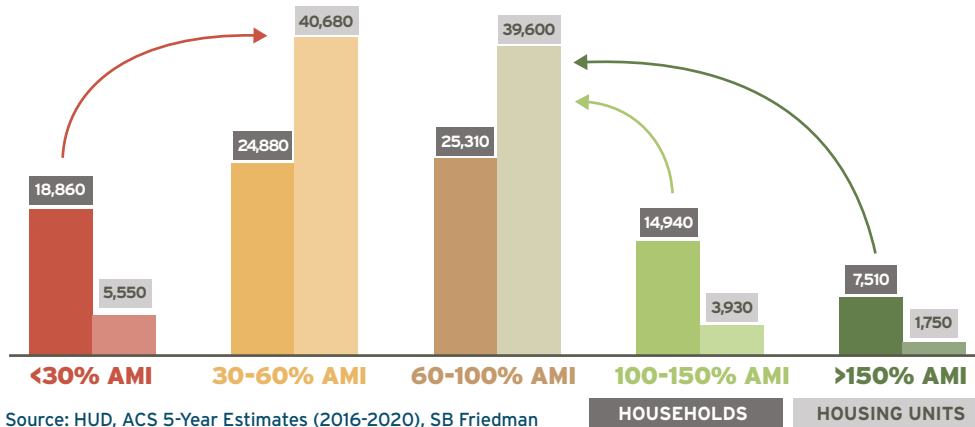
51 units of housing serving families and individuals with incomes of 30% - 60% AMI in one, two, and three-bedroom units (including five market rate units). The property includes various amenities and is adjacent to the Military Ridge State Trail.

Demand for Affordable Housing

The chart below is an example of our housing shortage. The “big squeeze” shows the renter supply gap, and how households that are lower income are forced to compete with higher income households for low inventory.

The ‘Big Squeeze’

Lower- and higher- income households need to seek units affordable at other income brackets



How Did We Get Here?

Between 2010 and 2020, Dane County added 42,000 new households but only permitted 34,000 new housing units, resulting in the underproduction of at least 8,000 new units. According to the Cap Times, Madison home prices grew the second fastest in the nation in 2023.

- 1 Housing Supply Shortage - Not enough units (low supply) = Higher prices
- 2 Rising Development Costs - Building new housing is very costly
- 3 Insufficient Household Income - Wages are not increasing at the same rate as housing costs. In 1965, the median income to median housing price ratio was 1 to 3, now it is 1 to 5.

Strategies to Support Affordable Housing

- Create learning opportunities for residents so they have a better understanding of affordable housing
- Identify the target number of affordable units needed over a five- or ten-year period, and include that number in your comp plan housing chapter
- Update local TIF policies to support affordable housing
- Utilize TIF extension funds to support affordable housing production
- Utilize local bond financing
- Allow for expedited permitting to facilitate development
- Identify and/or purchase land suitable for affordable development
- Eliminate or increase your multi-family cap
- Provide a density bonus for affordable projects that meet your criteria
- Reduce impact fees and or parking requirements



The Limerick, Fitchburg

Mixed-income development with apartments and townhomes. Units include affordable senior housing with 1 and 2 bedrooms; and 3 bedroom townhome units open to all ages.



The Klassik, Verona

This commercial and residential mixed-use property provides 63 - 1, 2, and 3-bedroom apartments & family townhomes. All units are income-restricted for households making 30%-80% AMI.

Want to Learn More?

Email your questions to regionalthousing@danecounty.gov or visit rhs.danecounty.gov, to sign up for the monthly RHS housing newsletter.

