

# Volume 2: Goals, Policies & Actions

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Housing



# ISSUES & OPPORTUNITIES



*The characteristics of the City's housing stock are described in Volume 1 of this Plan. It is critical to strategically plan for investment in the City's existing housing stock, including new units of various types and repair and reinvestment in existing housing.*

*The goals, policies and actions in this chapter are based on input from the public, City staff and various City committees and elected officials. The chapter begins with a summary of critical issues and opportunities. Several of the policies and actions are bolded to signify high priority.*

The planning process includes a review of data that describe current conditions related to housing (See Volume 1) and includes many forms of input from stakeholders throughout the community. The following issues and opportunities stand out as most relevant to the goals, policies and actions in this chapter.

## Housing Growth



This Comprehensive Planning process revealed housing as THE issue of the moment. The community survey and the public forums collected many comments about housing, ranging from calls for more workforce and high end housing to calls to stop housing development altogether. A survey question about the pace of development over the past five years showed anxiety about multi-family residential growth. Seventy-one percent (71%) of survey respondents said that multi-family

residential development was “too fast” over the past 5 years.

This reaction to multi-family housing growth is consistent with the mood in many communities across the region and the state. The real estate market trended heavily toward multi-family housing after the Great Recession, and individual projects have frequently featured 100+ units. These projects also include desirable amenities that become feasible at that scale, including exercise rooms, underground parking, and on-site management. This trend has been a response to strong market demand for these units, which have quickly filled. The Madison area, including Sun Prairie, has seen historically low vacancy rates for rental housing, under 2.5%, and is now seeing those rates rise to around 4%. This is still low compared to a desirable vacancy rate in the 5-7% range that balances the interests of landlords and tenants, but it shows that the influx of new units is starting to balance the market.

In Sun Prairie, the development of attached-unit housing, including large apartment buildings, has been strong over the past five years, but not extreme. The past five years (2014-2018) have seen about 1,000 multi-family units constructed, compared to about 800 single-family and duplex units (~56% of all units). To put that into 30 years of context, about 50% of the more than 9,000 new units constructed since 1990 have been multi-family units. But of all the construction and growth occurring in the community, new multi-family housing has been most prominent – it is often taller than other buildings, typically 3-4 stories in Sun Prairie, and it is generally located near major transportation corridors. The high visibility of multi-family housing has made it a lightning rod for concerns about growth. Meanwhile, single-family housing has grown more slowly and more quietly - 750 units in the past five years compared to the more than 1,200 new single-family homes built 2001-2005. And most of this growth has occurred without the need for new lot creation, gradually depleting a large supply of platted lots on the market when the recession hit.

## Neighborhood Design



Communities are typically interested in having a good balance of housing types and they wonder what the “right” balance is. But there is no “right” balance of housing across a community, because the mix of housing units is shaped by market forces and markets differ with the price of land, the quality of transportation options, the proximity of employment centers, and other factors. However, the distribution of housing types in a community and the design of individual projects have a huge impact

on quality of life and equity in the community. Having a diverse mix of housing types and well-designed buildings and developments within each neighborhood is vital to the long-term health of the neighborhood and the City as a whole.

A current issue of concern in Sun Prairie is a concentration of older, multi-family housing in the central Main St. area, west of downtown and close to USH 151, coupled with the construction of more multi-family housing in that corridor as part of redevelopment efforts along this important Main Street corridor. At the same time, recent neighborhood growth at the north edge of the city has featured mostly large lots and high-cost homes. The disparity in household incomes between these areas was recently highlighted by a decision to accommodate school growth by building a new elementary school near the new high-cost neighborhood. The lack of income balance between these neighborhoods led to a difficult situation for the community, a choice between equity in education environments and a bussing program to balance the schools. This is a complex challenge with many factors to consider, but one such factor is the distribution of housing types.

Long term quality and comfort in neighborhoods depends upon good urban design. Balanced neighborhoods include a mix of housing types and often some neighborhood commercial uses too. But commercial uses and larger multifamily developments can have an adverse effect on other nearby housing if not well-designed to handle traffic safely, control lighting and noise, and transition building massing from larger to smaller in multiple steps. Infill redevelopment projects need careful design to achieve a comfortable fit for the new uses. Also, good design is necessary at the individual building level, including thoughtful unit layout, attractive exteriors and good materials that are able to retain a quality appearance for decades. Buildings with low quality at the time of construction are almost certain to deteriorate quickly and can discourage good unit maintenance.

In recent decades, developers of new residential neighborhoods have shown a preference toward including larger-scale multi-family buildings and complexes in those neighborhoods. City residents have expressed a preference for the multi-family component of new residential neighborhoods to be provided by smaller-scale varieties of attached housing, such as duplex, four-plex, and townhouse formats. At present, Sun Prairie has a larger percentage of its housing units in these smaller-scale varieties of attached housing than other cities in Dane County. This plan provides ample locations for larger-scale multi-family buildings and complexes, including, but not limited to, (a) redevelopment projects in the downtown and central W. Main Street corridor, (b) the area along W. Main Street in the West Prairie Village subdivision covered by a previously approved General Development Plan, and (c) areas marked

## VOICES FROM THE COMMUNITY

### Neighborhood Satisfaction

The 2018 Community Survey asked people what factors make a good neighborhood and “safety”, “parks”, and “walkability” topped the list. When asked about the condition of things like lighting, property upkeep, street trees, safety, walkability, etc., 74% of respondents rated their neighborhoods as either “good” or “excellent”.

### Workforce Housing

The 2018 Community Survey asked people if they agree or disagree with this statement: “there is a need for more housing in the City of Sun Prairie that is affordable to working families and individuals”. Sixty-three percent (63%) of renters and 47% of homeowners agreed with that statement.

## WHAT IS AFFORDABLE HOUSING?

For the purposes of this plan, **affordable housing** is broadly defined as any housing designed, constructed, and/or managed with the goal of being affordable to households earning less than the “Low Income” threshold as defined by the Department of Housing and Urban Development (HUD) for the Dane County Metro Area. In 2018 that figure was \$71,900 for a family of four. Affordable Housing may or may not be supported by public funding in some way and it may or may not be reserved for certain income levels.

For reference, \$71,900 allows a monthly housing budget of about \$1,800, including rent/mortgage, utilities, insurance and taxes.

## WHAT IS WORKFORCE HOUSING?

**Workforce housing** is a subset of affordable housing focused on affordability for households with at least one full-time worker that still struggle to afford housing in the community.

for Neighborhood Mixed Use and Community Mixed Use in the Future Land Use Map. Future design activities for new residential neighborhoods should encourage developers to include more smaller-scale varieties of attached housing in new neighborhoods to continue to provide a diverse mix of housing types while recognizing the public preference for fewer large-scale multi-family buildings and complexes.

### Home Affordability

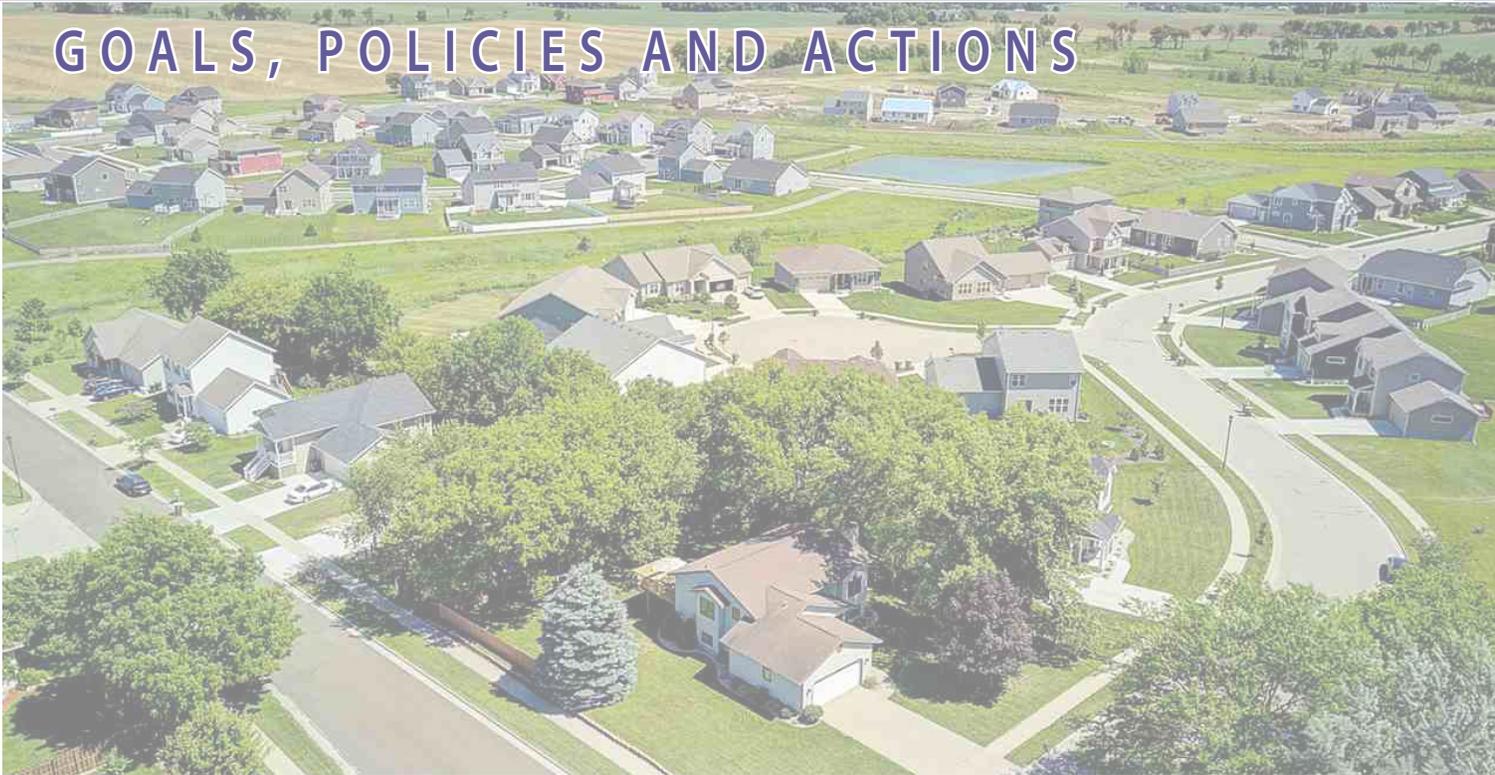


Large-scale economic trends are bringing housing affordability into focus as a prominent issue across the country. While the household income of the top 5% of US households has more than doubled in the past 50 years, middle income households have seen only about a 10% increase in that period. Meanwhile, inflation-adjusted housing costs have risen roughly 50% for rental housing and 70% for home ownership in that period. Here in Sun Prairie, the unadjusted median

home value has increased about 60% since 2000, but household incomes have risen just 30%. The result of these trends is that housing is requiring a bigger portion of household incomes. Thirty percent of income has long been viewed as the standard threshold for “affordable”, as defined by the federal government. About 23% of owners and 43% of renters in Sun Prairie now pay more than 30% of their income for housing. Based on 2015 data presented in the Dane County Housing Needs Assessment there are roughly 1,000 households in the City earning less than 30% of the Area Median Income (currently around \$27,500 for a family of four), but there were only about 245 rental units affordable at that income. And recently, a collection of roughly 45 lower-cost apartments were lost in downtown Sun Prairie in the 2018 explosion at Bristol and Main. Local businesses are noticing this trend, because the cost of housing is putting pressure on hiring and wages – the Sun Prairie Chamber of Commerce formed a Workforce Housing Committee to foster discussion and seek solutions to the challenges.

Local governments are now stepping in to address the challenges around affordability. Spurred by business concerned about hiring needs, complaints from residents who can’t find desirable housing within their budgets and community concerns about declining conditions due to lack of reinvestment in housing, cities are coming forward with policies and initiatives. In Dane County, the City of Madison has been aggressively pursuing the construction of tax-credit subsidized, income-qualified rental housing. The City of Middleton has used Tax Incremental Financing to leverage workforce housing investments and has a Workforce Housing Committee to study and advise on housing issues, especially around affordability. The City of Fitchburg recently adopted a housing plan and is also getting more proactive in its approach to affordability, both for rental and owner-occupied housing.

# GOALS, POLICIES AND ACTIONS



*The Uplands*

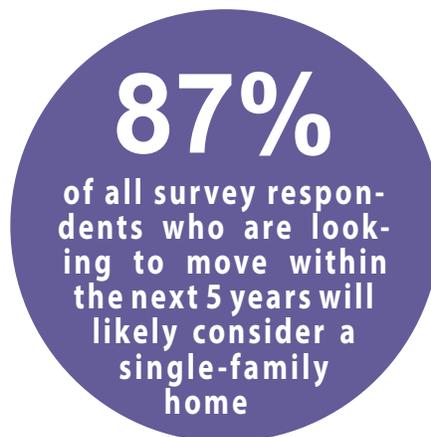
## GOAL #1

### Focus on housing

*The City will actively evaluate and support the health of neighborhoods.*

### Policies

- 1. The Community Development Authority (CDA) has primary responsibility as the City entity to lead local housing policy and programs.**
2. Continue to communicate with the business community about workforce needs and the need for housing types that will help attract people to live and work here.
3. Continue to engage with the community regarding housing needs and issues.



### Actions

- 1. Prepare a Housing Study to evaluate housing market conditions and advise City actions to address housing mix and affordability concerns.**

2. Prepare and present to Council a brief, annual housing report including updates on platted lots, residential building permits (by type), housing prices (consult a Realtor), incentives provided, affordable units created during the prior year, and noteworthy feedback from residents and employers.
3. The Community Development Authority (CDA) should form a Housing Advisory Committee or similar appointed body to help evaluate and advise on housing issues.
4. As appropriate, use the CDA to buy and assemble property as a technique to proactively improve neighborhoods in ways consistent with this plan.



*Indicates a policy or action that supports community sustainability*

*Policies and actions in **bold text** indicate high priority*

## WHAT IS A NEIGHBORHOOD?

A neighborhood is an area within a city where people live and can interact on a day to day basis. Neighborhood interactions often occur through primary schools, coffee shops, restaurants, parks and recreation activities. Neighborhoods vary in size, typically ranging from 500 to 2000 housing units and from 80 to 640 acres (1 square mile) in area. They can be formed as a single, coordinated development or as a series of separate land development projects and “plats”.



Providence

## GOAL #2

### Maintain housing and neighborhood quality

*All Sun Prairie housing and neighborhoods will be designed and maintained as desirable places to live.*

### Policies

4. Enforce property maintenance and nuisance codes to maintain neighborhood quality and prevent blight. If a neighborhood area develops frequent property maintenance problems it may be a result of a mix of underlying conditions. The City will consider a multi-faceted response that includes not only code enforcement but also City and non-profit supportive services to address underlying conditions.
5. As permitted by statutes, consider a rental inspection program to provide better oversight and monitoring of housing quality and maintenance if and when an area of the City is experiencing frequent complaints and/or decreasing property values.
6. Where neighborhoods have a distinctive and desirable design character, as affirmed through a community planning process, that character should be honored when redevelopment projects occur. Infill development should respect the scale, proportion and architectural style of nearby homes to a reasonable extent. The City should consider strategies to actively protect areas that have been locally identified as historically important.
7. Encourage the following techniques to protect the comfort and quality of residential units:
  - Maintain adequate physical separation between residential areas and uses that tend to produce excessive noise or odors (land use planning), without sacrificing pedestrian and bicycle connectivity.
  - Use screening (walls, landscaping, berms) to create separation when distance alone is not enough (site planning).
  - Reduce the impact of parking areas with physical separation and visual barriers (site design).
  - Direct traffic from higher-volume uses to collector and arterial streets, away from neighborhood streets (land use planning, site design).
  - Require basic landscaping, building design and materials standards for all multifamily uses and non-residential uses in neighborhood settings. The City should adopt design standards into the zoning ordinance to achieve this.
  - Encourage building and site design techniques to make larger buildings more compatible with smaller residential uses, such as increased setbacks, stepped-back upper stories, and architectural strategies to break up the apparent volume of the building.
8. Encourage water and energy efficiency in all housing, including new construction and existing home improvements. Designers and builders should

use common green building checklists to achieve superior environmental performance in new housing.

## Actions

### 5. Promote neighborhood identity and social connections by encouraging the creation of neighborhood associations.

Provide resources on the City website to support neighborhood events and social connections. Assign a staff planner to support neighborhood associations and create a modest grant program to incentivize things like neighborhood entry signs, public art, and block parties.

### 6. Encourage and support reinvestment in existing housing, including:

- Create a revolving loan fund for housing rehabilitation. The funds can be used to support reinvestment in single-family and multi-family buildings.
- Work with developers experienced with rental housing renovation and the Dane County Housing Authority to pursue tax credit-funded renovation of aging units while protecting their affordability.

### 7. Adopt standards in the zoning ordinance to ensure that garages are not the dominant feature of the streetscape.

### 8. The City will share information about energy audits and green design options in conjunction with the permit process.

## NEIGHBORHOOD ASSOCIATION VS. HOME OWNERS ASSOCIATION

A Neighborhood Association is an organization that exists to promote social activity in a neighborhood and to enable residents to communicate about neighborhood challenges and collaborate on neighborhood improvement projects. A Home Owners Association (HOA) is an organization established in conjunction with the creation of a residential development to monitor and enforce any rules established during the development process. In some cases a HOA is responsible for the maintenance of certain shared features in the neighborhood that are owned by the HOA, such as a private stormwater facility.



### Block Party

good walking access to jobs and shopping and/or where public transportation is available or planned. It should not be concentrated in any single neighborhood.

## GOAL #3

### Provide suitable housing for everyone

*Affordable, accessible, desirable housing options in the City, should be available at all income levels.*

## Policies

9. People who work in Sun Prairie should be able to afford to live in Sun Prairie too – the City will support the development of housing affordable to the full spectrum of local workers, from entry level to executive.
10. Locate workforce and affordable housing in places with

11. Group housing for unrelated persons with special needs (also known as “community living arrangements” in the City zoning ordinance) is an important housing need that can be accommodated in any neighborhood with reasonable conditions to guide operations.
12. Encourage the development of housing in every neighborhood for people of all abilities.

This includes, for example, the use of *universal design* principles in new housing and accessory dwelling units to enable flexibility for in-home care.

13. Encourage the development of senior living communities, and in locations within comfortable walking distance of public and commercial amenities.

## Actions

9. Address housing affordability through the following strategies:

- **Create an Affordable Housing Fund that can be used to support a variety of affordability initiatives.**

Sources of money include but are not limited to the City's general fund, private donations, and TIF districts ready for closure (per state statute, district closure can be delayed one year and all funds collected in the bonus year may be used for affordable housing anywhere in the City).

- **Review and amend the zoning ordinance to enable the development of housing formats that limit cost, including smaller lots, smaller homes, attached units and "cottage court" clusters of detached homes.** Identify locations for these formats in neighborhood plans for new and existing neighborhoods.
- Consider partnering with (and foster the creation of, if necessary) a land trust that can offer lower-cost homes by separating the cost of the land from the cost of the home for income-qualified buyers.
- Partner with Habitat for Humanity to offer new income-qualified ownership units through their program in the City regularly.
- Help promote the availability of down payment assistance programs in Dane County through digital media.
- Encourage new Section 42 tax credit projects that result in income-qualified units for at least 30 years. Create a competitive grant program with which the City can provide local funding that will help developers to win competitive tax credit awards from the Wisconsin Housing and Economic Development Authority (WHEDA). Identify locations for tax credit projects that maximize scoring in WHEDA's Qualified Allocation Plan (QAP) and have access

## WHAT IS UNIVERSAL DESIGN?

Universal Design is an approach to the design of the physical environment that allows access and use by anyone, of any ability. It includes accessibility features as required by the American Disabilities Act, such as wider doorways, door openers, at-grade entries and grab bars in bathrooms, with a focus on having one set of features for everyone. It also includes design for intuitive use without the need for instructions and elements helpful to people with limited hand dexterity such as lever door handles and rocker light switches. Universal design principles can be applied to any housing unit, even if not required by law or specifically intended for senior residents.

## WHAT ARE SECTION 42 TAX CREDITS?

The Section 42 housing program refers to that section of the Internal Revenue Tax Code which provides tax credits to investors who build housing with a portion of the units affordable at specific income thresholds. Investors receive a reduction in their tax liability in return for providing and maintaining those affordable units for 30 years. All such credits are obtained through The Wisconsin Housing and Economic Development Authority (WHEDA), including a non-competitive program that allows 4% of project costs to be used as a tax reduction (typically used for renovation projects), and a competitive program that allows 9% of project costs to be used as a tax reduction (typically used for new construction projects).

to public transportation. Note that all of these factors are subject to change by WHEDA, so some flexibility will be necessary.

**10. Specifically address the significant housing gap for households earning less than 30% of the Dane County Median Household Income by partnering with entities such as the Dane County Housing Authority to build or renovate units targeted to these residents and encourage such development by private entities.**



## GOAL #4

### Achieve balanced neighborhoods

*Every Sun Prairie neighborhood will be diversified, including a mix of housing types and price points and convenient access to daily needs, goods and services.*

### Policies

14. As new neighborhoods are developed, the City expects to see a mix of attached and detached housing formats, and a range of sizes and price

points. Including attached-unit housing in buildings containing fewer than 10 units is a high priority in new neighborhoods.

**15. As existing neighborhoods change over time the City will seek a healthy mix of housing units including single family, duplex, townhomes, apartments and other formats, using neighborhood design principles and policies in this plan to achieve compatibility with existing housing (See Goal #2, Housing and Neighborhood Quality). All neighborhoods should meet Design Review Board requirements (if created).**



16. Higher-density housing will generally occur at nodes within a neighborhood that may also include neighborhood commercial uses, and within convenient and safe walking distance of schools, parks, shopping, services and public transportation.

courage this as part of new neighborhood development, during initial unit construction and site design.



*Iron Gate Apartments*



*Downtown Condos*

### Actions

- 11. Review and approve housing development proposals based on consistency with the Land Use chapter of this Plan, including the Future Land Use Map and associated policies.
- 12. Amend the City's ordinances to allow accessory dwelling units (with appropriate standards), for the purpose of increasing housing choice, increasing density, accommodating different household types and increasing affordability. **En-**



*Indicates a policy or action that supports community sustainability*

*Policies and actions in bold text indicate high priority*