University of Wisconsin-Madison

From the SelectedWorks of Jaime Luque

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Policy Report: Wisconsin School of Business Housing Affordability Project

Jaime Luque

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A project on homelessness and housing affordability coordinated by Professor Jaime Luque at the Wisconsin School of Business, in collaboration with students enrolled in the course “Regional and Urban Economics”, conducted a series of interviews with various stakeholders. These collected perspectives can inform policy decisions by providing insights into community concerns, the experiences of homelessness services providers, and the recommendations of real estate and housing professionals. Overall, the interviews identified populations that are particularly vulnerable when homeless, community concerns about affordable housing, policy considerations regarding affordable housing developments, and several strategies that have thus far been successful in alleviating homelessness in Madison. One of the most common factors in homelessness that was mentioned is Madison’s particularly low vacancy rate (around 2%, where a healthy housing market would have a vacancy rate of 5%). There simply is not enough housing available in the Madison market to provide affordable units to all of the community members who are currently or recently have been homeless. While the strategies listed below have the potential to improve aspects of housing affordability, the overarching goal should be to provide more affordable housing.

**Vulnerable Populations**
The most commonly cited vulnerable population in the interviews was homeless or recently homeless individuals with mental illnesses. A high-level administrator of a Madison-based non-profit that focuses exclusively on providing permanent homes to homeless individuals with mental illnesses reported that though veteran homelessness has been reduced substantially due to federal rent subsidies, the combination of Madison’s low vacancy rate and a shortage of affordable units supportive of veteran needs makes it very difficult for veterans with mental illnesses to find stable housing. Furthermore, numerous interviews—with stakeholders including service providers, police officers, and developers—emphasized the importance of resources for mental health in low-income housing. Such supports need to include job coaching, support accessing disability benefits, psychosocial rehabilitation, and counseling (general, cognitive behavioral therapy, and alcohol and other drug abuse counseling).

Many of the common causes of homelessness should also be addressed to prevent homelessness. Though a detailed study of these circumstances exceeds the scope of this report, they should be considered when shaping policy regarding homelessness. These causes of homelessness include: domestic violence and abuse, eviction, previous convictions, or rejection due to having no rental history or insufficient credit history. For example, a service provider for victims of domestic abuse identified challenges abuse victims face in finding housing, due to the recent law passed to allow landlords to deny tenant applications due to previous evictions for domestic disturbances. Victims of domestic abuse are made unable to find new housing even if the disturbance was not their fault and thus are homeless or forced to continue living with their abuser. Housing affordability therefore should not be addressed in isolation from social factors such as domestic violence.

**Community Concerns**
Common community concerns that were reported in interviews included worries about overcrowding, increase in crime, and building aesthetics. An active member of a Madison neighborhood association shared his experience that successful development projects require strong relationships and communication between a neighborhood development committee and the developer, as well as effective mediation when neighborhood priorities do not align with developers’ goals. A coordinator of outreach ministry at a downtown church reported that faith-based services may provide such mediation, though public agencies could also fill that role. A Dane County housing official shared experiences that because community approval of a project is an important factor in its success, such support can be strengthened by creating venues for supportive community members to speak out and share their reasons for supporting a development with neighbors.
Aspects of Development Design
Interviews produced recommendations for how affordable housing developments should be designed to better serve vulnerable populations and address community concerns. Members of the Madison police force describe strategies for designing buildings that would help prevent crime in low-income neighborhoods, including good visibility around buildings, lighting at night, and access to nearby resources. Interviews produced conflicting perspectives on whether affordable housing units should be designed to the same standards as market-rate housing. From the developer’s perspective, high-grade units can easily be converted into market-rate units. However, such units are more expensive to build, so that fewer units may be produced on the same budget. As long as affordable housing meets standards of quality, lower-investment in each unit may help produce a large number of units for the market, in order to house more people, before then refurbishing units to increase quality.

Because access to resources was a major concern for many of the stakeholders interviewed, developers can better serve low-income and formerly homeless tenant populations by creating space for resources in new developments. These might include health care clinics (physical and mental), food pantries, child care, and opportunities for employment; policy incentives for such building design and resources for partnership could support such development. Where incorporation of such resources into the physical space of a new development is not possible, incentives should be provided for developers to build in areas with access to resources and/or new resources should be provided in areas with dense populations of low-income and formerly or currently homeless community members.

Successful Strategies
Community stakeholders in homelessness and housing affordability also identified several successful strategies for supporting under-housed individuals and families, which should be continued and/or broadened. These successful strategies included:

- Partnerships between housing resources and educational services for homeless or previously homeless children;
- Development projects such as the Tiny Houses on the East Side of Madison, in which residents have a strong investment in the buildings and the community;
- Initiatives such as the “Rapid Rehousing” project which seek to quickly place homeless individuals and families in permanent housing;
- Day Resource Centers such as the one currently planned for 615 E Washington Avenue;
- Providing tenants facing eviction with affordable legal counsel; and
- Pairing of formerly homeless tenants with advocates who can help them work with landlords to retain their housing.

This policy report provides insights into community concerns, the experiences of homelessness services providers, and the recommendations of real estate and housing professionals in Madison, Wisconsin. The report concludes that there is not enough housing available in the Madison market to provide affordable units to all of the community members who are currently or recently have been homeless. The report also identifies homeless individuals with mental illnesses as the most vulnerable population. Important recommendation for affordable housing developments include: (i) providing incentives for developers to build in areas with access to resources, including those that deal with social factors such as domestic violence; and (ii) building strong relationships and communication between a neighborhood development committee and the developer.