Kristen Slack - Dist. 19

Spring 2023 Alder Candidate Questionnaire

1. The City of Madison continues to put money into affordable housing, but we can't develop affordable housing fast enough or in a large enough quantity for people with incomes that are at or below 30% of the Area Median Income (AMI). What new ideas would you bring to the table to assist us in getting more affordable housing for people at or below 30% AMI?

Economic Development: The affordable housing problem is not just about the cost of housing. It is also about the availability of jobs that pay salaries commensurate with the local housing market. Better paying jobs (achieved through a more concerted focus on economic development) is an essential and critical piece of the solution. This requires efforts to attract new companies, retain others considering relocation, and supporting small business development however we can. We also need more job training opportunities, registered apprenticeships, and assistance with degree completion in the trades, especially the building trades. Given Madison's history of conservation and environmental stewardship, a concerted effort to increase our local capacity for green building would make a lot of sense, as the demand for homes with lower or neutral carbon footprints increases. Other cities and regions around the U.S. are already being intentional about this. Madison can and should do better.

Understanding the Needs and Preferences of Renters: In any municipal efforts to build new housing, it is essential to understand who renters are and how they differ in terms of their immediate and longer-term needs and preferences. Here, there are the college students who mostly want to live on or very near campus, albeit temporarily, while in school. Second, there are the (on average) younger, single, and childless couples making good salaries and working in the growing tech industries and for large employers like Epic and Exact Sciences. This group may prefer the City center area right now and can mostly afford living there. However, this may not be an indefinite preference, especially for those who want to start a family and make their lives more livable, often near schools throughout the City and, increasingly, beyond City limits as the supply of homes for sale becomes tighter and more unaffordable. Another group includes non-college students with low to moderate incomes who lack an affordable path to home ownership, some of whom would prefer home ownership and some of whom prefer renting. And another includes those who simply prefer renting to home ownership but have the means to choose either. We need to be considering not only the "crisis" state we are in right now, but the housing trajectories and longer-term needs of each of these groups because we don't want to create unintended consequences.

A shrinking home ownership market will drive the price of homes up further, there will be more gentrification of neighborhoods as the relatively less expensive housing stock is purchased and replaced by those with higher incomes who will build more expensive homes, and there will be more exodus to the surrounding cities and communities and with that, more conversion of agricultural land to accommodate external growth. As the available workforce grows outside of the city, employers and new businesses may increasingly choose to locate outside of Madison, where they can draw from Madison residents as Verona-based Epic does, as well as the adjacent cities and towns further out from Madison and even Dane County. If we lose families with kids, our schools are in further trouble.

Yet the current discourse is such that if you want to engage in discussions about any of the above, you are called names and labeled as a terrible person. True problem-solvers treat a problem such as housing affordability like the complex issues that it is. They are willing to carefully think through both short-term and longer-term consequences of each solution considered, they take account of unique contextual factors (e.g., in Madison, extremely limited land in high demand areas, sensitive lake ecosystems, and water wells that continue to deteriorate) that affect whether solutions tried elsewhere will work here.

As alder I will not show up to simply rubber stamp whatever the mayor (whomever that is) wants to do and I will seek to fully understand the incentives, disincentives, barriers and needs of all stakeholders in the housing affordability arena when considering different solutions. I also believe that one-size-fits-all policies are a recipe for unnecessary spending, increased inequities, and unintended consequences that work against the goal of ensuring access to affordable housing for all. We have a finite budget and a growing structural deficit. When we spend on things where the need is low to nonexistent, we create opportunity costs for spending on things where the need is high. This is the core recipe for inequity.

The pandemic has our work world up in the air at the moment and we do not yet know how things will shake out in terms of where and how (e.g., remote, hybrid, in-person) we work. But one thing is all but certain, an increase in remote and hybrid work options are here to stay. What this means for where people choose to live and plant roots is already playing out. If Madison doesn't get aggressive about creating <u>more home ownership options (condos, townhomes, tiny homes, and SFHs) in every neighborhood</u>, we will continue to lose actual and potential homeowners. I support a more neighborhood- and school-centered view of development over a "central corridor" view because especially for families, locating close to schools, which happen to be spread across the City, is a strong preference over living in some of the most expensive central areas of Madison. This doesn't mean that we don't attend to need in the central corridors of the City, it just means that we shouldn't be prioritizing it over more nodal development across the City.

<u>One-size-fits-all building requirements generate higher rents</u>. Much of what we require of builders and developers creates additional cost that will simply be passed on to tenants. For instance, I believe there is a building code for new apartment developments requiring that the first floor be reserved for commercial tenants. Too many of these commercial spaces are unoccupied and sit empty for months and in some cases years. Developers and landlords simply pass on the lost commercial rent from these empty spaces to residential tenants. Can we rethink this requirement and consider creative ways to use these spaces to immediately address the affordable housing problem, perhaps allowing for hybrid residential/commercial spaces for owners of certain types of businesses? What about those office buildings and spaces that are

sitting empty as companies move to more hybrid and remote work options? There are things we can do right now that could help.

2. Much of the affordable housing that is currently being built in our area is Section 42 tax credit housing in which the Area Median Income (AMI) is used to determine rent amounts. And because the AMI is so high in Dane County the rent for many of the units ends up being close to market rate. What can we do to make sure that the affordable housing we build ends up being affordable enough to reach lower incomes? Should Section 42 developments that receive city funding be required to have more units affordable for those at or below 30% of AMI than they do now?

Requiring developers with Section 42 tax credits and city funding to offer more affordable units is, in theory, a good idea. But because, as you explain in your question, the AMI is so high in Dane County (and let's be honest, nothing is going to change that, especially within the City of Madison, and super especially in the "central corridors" of the city), we'll continue to have more and more rental units that are unaffordable to those with lower incomes. Developers and landlords will simply raise rents on the remaining units to subsidize lower rents on the "affordable" units, raising the AMI even further. This strategy creates a non-virtuous cycle that may end up creating the very outcomes that groups like the AHAA want to prevent—even less affordable rental housing.

There are those who steadfastly argue that with an intensive focus on building more apartments, we will reach a point of supply meeting demand and the price of rents will then fall. If we can accomplish reductions of hundreds of dollars for each rental unit with such a strategy, that's meaningful. The more likely reduction, if any, is in the tens. The more probable outcome is slightly slower growth in rental increases. <u>We need to have clear benchmarks for success</u> and I have seen nothing except references to increases in the absolute number of rental units (which in and of itself tells us very little). I can think of an array of benchmarks that City leadership should not only be measuring annually, but displaying for the public via a <u>City dashboard</u>.

Developers are typically relying on capital infusions from investors outside of Madison, the state, and even the U.S. These developers are accountable to their investors, whose expectations are that their investment will have a good return. As that return becomes viewed as less attractive, investors and developers will go elsewhere. Meanwhile, the price of land in a partially land-locked city with a relatively small square-mile area in high demand is going to remain high. Rents will always reflect that fact. There are also other aspects to affordable housing access on which I haven't heard much discussion. <u>Application fees, credit score requirements, and reference requirements all work to restrict access to affordable housing further and should be considered in efforts to solve housing inequities</u>. Some of these things may help landlords predict who can continue paying their rent, which is a revenue stream they are allowed to care about. But some of these requirements are not necessarily predictive of paying one's rent, and sometimes the processes in place for implementing these requirements are unnecessary and exclusionary. And again, economic development that creates many more livable-wage jobs plays a huge part in reducing these barriers, as well.

3. We need more nonprofit developers who are willing to build affordable housing and keep it affordable for longer periods of time. What can we do to get more nonprofit developers in our community and support their growth and success?

I agree that this is a solution that should be pursued, with the caveat that nonprofits aren't "pure" either. They can simply become for-profit entities at some point unless there is a legal way to ensure that this never happens. Perhaps through landbanking and land leasing strategies, we could accomplish more partnerships with nonprofit entities. All that said, the biggest and most influential nonprofit entity that should be helping to solve the housing affordability problem is UW-Madison. The University relies on the City and the private market to solve this problem for the student population when they actually have the most responsibility and reason to offer magnitude-of-order more units that are affordable to the tens of thousands of students they invite here each year. There are only a handful of dormitories that have been built in the last few decades, which of course helps but not nearly enough. The University is currently developing plans for Research Park and the west side of campus. I would like to see a concerted focus on increasing student housing options as a centerpiece of both plans.

I don't think we can realistically rely on the nonprofit sector to play a large role in solving the housing problems we have, especially in areas of the City where the land is going to be expensive no matter what. Such opportunities should be invited, explored and supported where it makes sense, but I doubt that this strategy will become pervasive enough to make a big dent. However, we have an amazing local network of nonprofit organizations with the infrastructure and expertise to facilitate economic development in terms of job and skills training, financial and home ownership coaching, small business advocacy and support, and a wealth of other ideas about how to address inequities in income, home ownership, and economic stability. We have a wealth of expertise in the local higher education institutions that the City barely taps into, and which could be invited to the table to bring innovative ideas, research, and advice to City leadership. These same groups could help the City with rigorously evaluating projects and initiatives that address housing issues, so we don't have to rely on simple changes in raw numbers offered by the City as the standard for accountability.

4. Most affordable housing is only affordable for a period of 40 years or less, meaning our investment in affordable units is lost after a set time. Please discuss any ideas that you have for keeping affordable housing in Madison affordable long-term?

The university's role is key, as described in my answer to Question 3.

Economic development is also key. Better paying jobs and paths to affordable homeownership are essential or we will lose families to the outlying areas as well as prevent families from considering Madison as a place to live. People will not stop wanting to own a home as this is the primary way the vast majority of us create economic stability, savings, and wealth (at least with a small “w”) in this country. If we make home ownership unattainable in Madison for most people and families, they will just go elsewhere to do so.

Supporting sustainable ways to build affordable mixed-use housing options in areas of the City that are not yet developed (e.g., the planned BT Farms agri-community on the east side of Madison). If this project comes to fruition as planned, and I hope it does, it could serve as a model for additional housing developments that include not only rental options, but more affordable starter homes, as well.

In my District, there is a development with small, still affordable starter homes that are part of an HOA, many of which are owned by the developer and rented out. This development has about 8 years left on a TIF clock. Residents are already hearing rumblings about what’s coming next and they are scared and anxious that they will be priced out of their homes. I’ve met with some of them and they actually have great ideas for the future of their neighborhood, but no one has asked for their input (except me). 20-30-40-years out can sound like forever when these city arrangements are made, but there has to be an exit strategy thought out well in advance of the TIF sunset or we will go from affordable to extremely unaffordable practically overnight.

5. Tenants in the city and county have had access over the last couple of years to eviction prevention and security deposit funds thanks to the federal government’s COVID relief funding. These funds – the CORE program – likely will end in 2023. Do you think the city should prioritize providing more funds once the COVID money ends and if so, please give some ideas of sources of funding?

Yes, although the city and county shouldn’t be the only ones responsible for this support. We have a rich network of nonprofits in Madison who are well-positioned to do this work and some already are. Some government funding for supporting this work is good, but it can’t be the only source. However, the City can partner with nonprofits on grant applications and help nonprofits by promoting their fundraising efforts to aid with eviction prevention and security deposits.

6. Are there any changes that the city could make – zoning requirements, paperwork, etc. – that could make affordable housing development and operation easier and more attractive to nonprofits and businesses and also less burdensome for tenants who have to complete a lot of paperwork and meet reporting requirements?

We need to better understand how and to what extent various City approval processes (which can take years) and one-size-fits-all building requirements add significant costs to development projects. Is there room for more variances that make sense in certain projects? Are there less expensive ways to help developers achieve the same requirements? Because these additional costs will simply be passed on in rental rates and purchase prices.

However, reducing administrative burden for builders and developers should be weighed against the need for accountability. For instance, the development in my district under a TIF agreement is owned by an entity that does as little as possible to maintain the properties to the great frustration and discomfort of residents. What <u>accountability mechanisms</u> are in place to make sure that the businesses and developers in TIF districts or who are receiving other financial breaks or contributions from the City are living up to their end of the deal? Streamlining and making these mechanisms as easy as possible is important, but we need to maintain or in some cases create mechanisms for monitoring their fidelity to these agreements.

A final note: <u>green building that significantly reduces heating/cooling costs and increases energy efficiency</u>, as well as a much greater emphasis on expanding the tree canopy and green spaces (including roof tops), use of native plants, and stormwater management that favors absorption over channeling an ever-increasing volume of contaminated stormwater into the lakes, and the protection and expansion of other nature-based solutions to climate change are critical components of the new era of residential and commercial development. There is much more the City could be doing to support and facilitate this type of infrastructure (which is not just about solar panels) so that the energy savings can be passed on to renters and homeowners and businesses. For instance, <u>we are in the perfect location for reaping the benefits of geothermal heating/cooling</u>. It is harder to retrofit this technology in existing buildings, but local experts on geothermal infrastructure have said to me that every new housing development and large commercial building should be built with geothermal. But we can’t leave this to developers to deal with on their own because there are easier and more cost-effective ways for them to build. Geothermal is the type of infrastructure that the City should be developing and supporting, including creating easier and less cost-burdensome ways for developers to pursue this technology.