

WHAT DOES "AFFORDABLE" MEAN?

Affordability of housing is generally associated with housing costs that consume less than 30% of a household's income. Households at all incomes have a limit to what is affordable to them. When a household spends more than 30% of its income on housing, it is considered cost burdened. Households spending more than 50% of their household income on housing are considered severely cost burdened and are at high risk of homelessness.

WHAT DOES "LOW-INCOME" MEAN?

Typically, for City of Madison programs, low-income is defined as 80% of the Area (or County) Median Income (AMI) based on the number of persons per household. Section 42 Low Income Housing Tax Credit developments typically designate a portion of their units for 30%, 50%, and 60% of AMI, as well as market rate with no income restrictions.

Household Size	"Low and Moderate Income"				
	100% Median	80% Median	60% Median	50% Median	30% Median
1 person	\$64,200	\$50,350	\$38,520	\$32,100	\$19,250
2 persons	\$73,400	\$57,550	\$44,040	\$36,700	\$22,000
3 persons	\$82,600	\$64,750	\$49,560	\$41,300	\$24,750
4 persons	\$91,700	\$71,900	\$55,020	\$45,850	\$27,500
5 persons	\$99,100	\$77,700	\$59,460	\$49,550	\$29,700

Among some of the common professions earning average incomes in this range are:

- Customer Service Representative - \$33,940
- Cashier - \$19,830
- Janitor - \$25,800
- Laborer - \$26,730
- Waiter/Waitress - \$20,600
- Administrative Assistant - \$35,340

WHAT CAN A LOW-INCOME HOUSEHOLD AFFORD IN RENT?

Household Size	"Affordable" Rents by Income				
	100% of AMI	80% of AMI	60% of AMI	50% of AMI	30% of AMI
1 person	\$1,605	\$1,259	\$963	\$803	\$481
2 persons	\$1,835	\$1,439	\$1,101	\$918	\$550
3 persons	\$2,065	\$1,619	\$1,239	\$1,033	\$619
4 persons	\$2,293	\$1,798	\$1,376	\$1,146	\$688
5 persons	\$2,478	\$1,943	\$1,487	\$1,239	\$993

HOW MUCH RENTAL AND LOW-INCOME HOUSING DO WE NEED?

- Rental Vacancy
 - The City of Madison's rental vacancy rate has been near or below 3% since 2011
 - A 5% rental vacancy rate is considered reflective of a healthy market
 - The City would need to add more than 1,000 new units to achieve a 5% vacancy rate today, in addition to the new units that would be required to serve the 1,500 new renters Madison adds every year
- Housing Cost Burden
 - Madison has approximately 28,000 cost-burdened renter households (pay over 30% of income in rent)
 - Over 15,000 of those are severely cost-burdened (pay over 50% of income in rent)

WHAT ARE SECTION 42 LOW INCOME HOUSING TAX CREDITS?

Section 42 Low Income Housing Tax Credits are a federal resource, administered by the State of Wisconsin Housing and Economic Development Authority (WHEDA), that generate capital necessary to finance the construction or rehabilitation of affordable low-income rental housing. The tax credits are allocated through an annual application process conducted by WHEDA. Applications are due by the middle of December and allocation decisions are made the following spring. These funds are very competitive and applications are scored based on a variety of criteria including:

- Incomes being served (more points are awarded for projects serving lower income groups)
- Quality of the site (access to public transportation and walkability)
- Areas of Economic Opportunity (based on employment rates, income, school district performance, and rent cost burden)
- Contributions from other funding sources (City or County funds)
- Building amenities (energy efficiency, accessibility)
- Quality of the development team
- Developments intending to designate a portion of units as supportive housing units targeted to veterans, individuals, and families who may require supportive services to maintain housing

These developments must follow standard City procedures to secure development, zoning, and building permit approvals as well as pay property taxes. Projects must remain affordable for 30 years and are subject to annual inspections and monitoring by the State.

