

THE CITY of *Altoona*

**U.S. Department of Housing and Urban Development  
Community Planning and Development  
Pathways to Removing Obstacles to Housing (PRO HOUSING)  
FY24 (Round 2)**

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**Exhibit A. Executive Summary**

## Exhibit A. Executive Summary

The City of Altoona is a rapidly growing community in western Wisconsin. Altoona has a total population of 9,320 and is consistently in the top 10 percent of Wisconsin communities in terms of annual population growth. This growth comes with numerous benefits while also creating challenges for our community. One of these challenges is the need for housing, particularly affordable housing.

The high cost of housing is determined by a range of factors in Altoona. Key factors include external costs placed on developers such as high interest rates, labor costs, and high costs of materials due to supply chain difficulties and in general. Additionally, the City has a zoning code that gets in its own way. This code is 50 years old and contains many exclusionary provisions such as minimum lot sizes, single-family only districts, unnecessarily large setbacks, and limited by-right approvals. The ordinance is also not user friendly, cumbersome, and lacks visualization of provisions that are helpful for small scale developers or property owners who wish to add onto or redevelop their property. To combat this, Altoona is actively in the process of fully overhauling its zoning and development ordinances to remove these deficiencies.

In addition to its legislative reforms, Altoona has and is investing in affordable housing through use of tax increment dollars as permitted by Wisconsin state statute. The state of Wisconsin permits cities, upon the closure of a tax increment district (TID), to extend the TID by one year and use the increment for that year towards an affordable housing fund.<sup>1</sup> Altoona's TID #2 district closed last year, and Altoona received \$237,000 for their fund which will be used to establish a new affordable housing program. TID #3 is closing now and will provide an additional \$6 million. The plan would be to leverage these funds together to tackle the issue of housing production and preservation.

The City also has a history of developing its own affordable housing, with the best example being an affordable housing development named Solis Circle. This City developed project launched in 2019 has all the units rented at significantly below market rates. Altoona would like to build on this experience using these funds. Additionally, Altoona wishes to support homeownership, affordable housing preservation, and income integration. This would be done using tools such as down payment assistance, homeowner and rental housing repair and renovation assistance, as well as development facilitation and incentives.

The City is not planning to limit or concentrate its efforts to support, generate, and preserve affordable housing to a specific area in the community. Doing so would create inequitable distribution and create or exacerbate low-income areas rather than supporting a quality integration of all types of housing with multiple income groups. The planned instances where there will be a focus on a specific sub-geography would be our East Neighborhood District and our Downtown zone.

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<sup>1</sup> <https://docs.legis.wisconsin.gov/statutes/statutes/66/xi/1105/6/g/1/a>

**Exhibit B. Threshold Requirements and Other Submission Requirements**

## **Exhibit B. Threshold Requirements and Other Submission Requirements**

### **1. Resolution of Civil Rights Matters**

The City of Altoona does not have any of the charges, cause determination, lawsuits, or letters of findings referenced in NOFO subparagraphs (1) – (5).

### **2. Timely Submission of Applications**

This application shall be submitted to the Department of Housing and Urban Development by the required deadline of October 15, 2024. The application shall meet all the requirements of the grant NOFO.

### **3. Eligible Applicant**

The City of Altoona is a full-service city in the state of Wisconsin. Cities are eligible applicants for the subject grant, and this makes the application in accordance with Section III.A of the NOFO.

### **4. Number of Applications**

This application is the sole application being submitted by the City of Altoona.

**Exhibit C. Need**

The City of Altoona is a rapidly growing community in western Wisconsin. Altoona has a total population of 9,320 and is consistently in the top 10 percent of Wisconsin communities in terms of annual population growth. This growth comes with numerous benefits while also creating challenges for our community. One of these challenges is the need for housing, particularly affordable housing. The median household income in Altoona is \$77,002 while the median Altoona new home housing value for single family in 2023 was \$376,648.<sup>2</sup> As affordable housing is housing costing a household no more than 30% of the household's gross monthly income, the salary required for a new home in Altoona to be affordable is \$112,994.

The high cost of housing is determined by a range of factors in Altoona. Key factors include external costs placed on developers, such as high interest rates, labor costs, and high costs of materials due to supply chain difficulties and in general. Additionally, the City has a zoning code that gets in its own way. This code is 50 years old and contains many exclusionary provisions such as minimum lot sizes, single-family only districts, unnecessarily large setbacks, and too few by-right approval processes. The ordinance is also not user friendly, cumbersome, and lacks visualization of provisions that are helpful for small scale developers or property owners who wish to add onto or redevelop their property.

**1. Demonstrate your progress and commitment to overcoming local barriers to facilitate the increase of affordable housing production and preservation, primarily by enacting improved laws and regulations.**

*a. Improved laws, regulations, or land use local policies*

Altoona is actively in the process of a complete overhaul and re-write of its zoning and land division ordinances. The intent of the re-write is to make the ordinance user-friendly and to eliminate or reduce exclusionary provisions in our code. This will support increased housing production and preservation through the following ways:

- Reducing or eliminating minimum lot sizes
- Amending our single-family zoning district to allow some types of missing middle housing.
- Allowing missing middle housing in all residential and commercial zoning districts.
- Lowering setbacks in all areas with a residential zoning designation.
- Establishing a neighborhood mixed use district to allow all residential types.
- Increasing by-right approvals and making more applications a staff level review rather than requiring Plan Commission or City Council review.
- Eliminating superfluous / excessive procedural requirements in our land division ordinance.

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<sup>2</sup> <https://datausa.io/profile/geo/altoona-wi#:~:text=In%202022%2C%20Altoona%2C%20WI%20had,median%20household%20income%20of%20%2477%2C002.>



- Continuing to support and incentivize accessible dwelling units in all residential districts.
- Permitting tiny homes and other small format housing.
- Elimination or defining jargon and ensuring there are proper cross references between ordinance sections to make the ordinances more accessible to lay people and development professionals alike.
- Streamlining permitting processes, particularly for residential.

The City is currently midway through the re-write process and the code should be ready for review and adoption in spring of 2025.

*b. Other recent actions taken to overcome barriers to facilitate the increase of affordable housing production and preservation.*

The state of Wisconsin permits cities, upon the closure of a tax increment district (TID), to extend the TID by one year and use the increment for that year towards an affordable housing fund.<sup>3</sup> Altoona's TID #2 district closed in 2022, and Altoona received \$237,000 for their fund which will be used to establish the new affordable housing program. TID #3 will be closing this year and in 2025 and the funding from that closure will be \$6 million to dedicate towards housing, primarily affordable housing. These funds can be used in similar ways to what these grant funds could be used for. The plan would be to leverage these funds together to tackle the issue of housing production and preservation.

The City has held several public meetings related to the fund and how to utilize the \$6 million. A wide variety of tools have been proposed and are being considered, including:

- Homebuyer down payment assistance
- Home renovation loans and / or grants
- Rental housing renovation loans
- Facilitating new qualified development
  - Infrastructure
  - Land purchase
  - Redevelopment costs
  - Financing assistance
- City housing development / property acquisition
- Tax credit "gap" funds
- Environment / climate improvements (housing focus)
- Community land trusts (CLTs)

The City also has a history of developing its own affordable housing, with the best example being an affordable housing development named Solis Circle. This City developed project

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<sup>3</sup> <https://docs.legis.wisconsin.gov/statutes/statutes/66/xi/1105/6/g/1/a>

launched in 2019 has all the units rented at significantly below market rates. The rents range from \$425 - \$810 per month, with 21 of the 26 units being below \$500 per month. As a person making 30% of the area median income (AMI) has a housing budget of approximately \$577, all these units are affordable to that extremely low-income demographic. The City utilizes a property management company to manage the facility and operation has been successful. Depending on the grant allocation amount received from HUD, these grant funds and the TID dollars would be used to help develop more affordable housing in Altoona.

Altoona has also shown its commitment to the promotion of affordable housing through several planning initiatives over the past decade. In 2019, Altoona was part of the Chippewa Valley Housing Task Force, which was a coalition looking at affordable housing and general housing in the Chippewa Valley. Several recommendations were made and as part of that whole process, the City adopted the 2019 Housing Action Plan that contained the following policy statements on affordable housing:

- Provide fair and equitable access to safe, quality, healthy and stable housing for people in Altoona.
- Encourage housing choice and affordability.
- Expand housing affordability, quality, and choice.
- Utilize public resources to directly and indirectly assist in the generation of affordable housing units and expand housing choice.
- Altoona will embody effective and sustainable civic engagement that achieves a healthy housing market that provides quality, affordable options.

The City also updated its Comprehensive Plan in 2022, which had a specific focus on housing and provided the following statements on production of affordable housing:

- Provide an equitable and sustainable diversity of housing types, densities, arrangements, and affordability levels to accommodate the needs, desires, and lifestyles of existing and future residents of all incomes and life stages.
- Increase the amount, type, and availability of affordable and workforce housing options in the community.

Finally, as part of the Comprehensive Planning process the city established its 2040 vision statement, which contained several references to affordable housing:

*“The City of Altoona will be an inclusive, diverse, sustainable, progressive, innovative, and equitable community that features a high quality of life, a family-friendly and welcoming atmosphere, excellent natural resources and recreational opportunities, local and regional destinations and attractions, and a mix of housing, shopping, and employment opportunities for its residents and visitors alike. Building on its regional location and proximity to the greater Chippewa Valley, Altoona will continue to balance growth and natural resource protection to increase climate resiliency, deliver sustainable public infrastructure, provide high-quality educational opportunities, offer affordable, diverse, and inclusive housing options, and work collaboratively with regional partners to advance shared goals.”*

**2. Do you have an acute need for affordable housing? What are your remaining affordable housing needs and how do you know?**

The City is not one of the priority geographies listed by HUD. That said, Altoona is no exception to the nation-wide need for affordable housing experienced by communities. The median value of a new single-family home in Altoona is \$376,648 while the median household salary is \$77,002. This is well below the salary of \$112,994 needed for a new home to be affordable.

It should also be noted that the cost of housing in Altoona has continued to rise at a significant rate. The median new home value in 2020 was \$230,000. This means that the cost of housing in Altoona has risen by 63.76% in just four (4) years. Despite this significant cost increase, salaries in Altoona have not risen at a proportionate rate, with the median salary being \$63,556 in 2020 which equals a 21.19% increase as of 2023.

Additionally, Altoona continues to experience growth in population creating further housing demands. The City grew by nearly 30% between 2010-2020 and has grown by 12.38% since 2020. Beyond raw local growth, Altoona's growth has been comparatively substantial when compared with other communities in the region; despite Altoona comprising only 8.57% of Eau Claire County's population, Altoona accounted for 33.16% of its population growth<sup>4</sup> and 13.65% of new equalized value between 2020 and 2023.<sup>5</sup>

**3. What key barriers still exist and need to be addressed to produce and preserve more affordable housing?**

Altoona currently has several key barriers inhibiting the production of affordable housing. These include:

- Excessive setbacks in residential districts.
- Single-family only districts that bar infill production of missing middle housing.
- Extremely complicated, ambiguous, and burdensome approval processes, particularly under its land division ordinances.
- No mixed-use districts facilitating integration of a wide variety of uses and housing types. Currently Altoona is reliant on Planned Community Developments which are discretionary approvals. This creates uncertainty and unnecessary procedural hurdles for applicants.
- The current zoning / development code has minimum lot sizes that prevent small format housing such as tiny homes and restricts viability of missing middle housing like duplexes, twin homes, and triplexes.
- Many administrative approvals, such as site plans, require Plan Commission review when they can be reviewed at the staff level.

We are in the process of eliminating these barriers through a complete overhaul and re-write of our zoning ordinance and subdivision ordinances.

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<sup>4</sup> [https://doa.wi.gov/Pages/LocalGovtsGrants/Population\\_Estimates.aspx](https://doa.wi.gov/Pages/LocalGovtsGrants/Population_Estimates.aspx)

<sup>5</sup> <https://www.revenue.wi.gov/Pages/SLF/EqualizedValue.aspx>

**Exhibit D. Soundness of Approach**

## 1. What is your vision?

- a. *Describe your proposed activities and why they are appropriate, given identified need and applicant capacity; Explain how your proposal addresses key barriers to affordable housing production and preservation:*

Altoona would like to produce and generate a wide range of affordable housing that can serve all income groups and residents at different stages of their lives. These options would include single family, missing middle, and multifamily housing and both for-rent and ownership options. The way Altoona looks to achieve these goals is through the establishment of an affordable housing fund(s) that will offer a range of tools and services. Based on passed engagement, the most likely tools to be utilized include:

- Down payment assistance: A down payment is one of the biggest barriers to home ownership. While there is some naturally occurring affordable housing (NOAH) in Altoona, it is of limited stock and even if a lower income family could afford the mortgage, they face barriers to financing. Offering down payment assistance in the form of low to no-interest loans via grants would help remove this obstacle. Beyond down payments, a discount point reduction program could be used the same way to reduce mortgage interest over the life of the loan.
- Homeowner repair and renovation assistance: Most affordable housing in a community will always be what is already there. Generation of new housing is always important to accommodate the community's growth, but ultimately it will comprise a small minority of the City's housing units on an annual basis. As articulated in the NOFO, preservation of NOAH is a key component of an affordable housing strategy to ensure that what housing is affordable stays on the housing market in good condition. To assist with this, the City intends to provide funding for property owners to make improvements or repairs to their home through low to interest loans or grants.
- Rental housing renovation assistance: In line with the homeowner repair and renovation assistance, rental housing is a key facet of the City's affordable housing stock. Many affordable rentals are in poor repair and condition or could benefit from low-cost improvements to improve energy efficiency, accessibility, etc. To help affordable housing in Altoona be both affordable and quality, the City would offer financial assistance for owners of affordable rentals in the community.
- City affordable housing development: A priority value when putting together the affordable housing fund is to establish a sustainable program that will fund itself rather than just be a one-time financial expenditure. In addition to having revolving loans as part of the program to ensure funds are maintained, the City has an interest in developing a mixed income, multifamily project in its soon to be Downtown District. In addition to providing significant equity benefits from low-income and non-low-income families

living in the same place, rents would act as a perpetual funding source for the affordable housing fund(s). The City has a history of this type of activity, primarily with its Solis Circle development referenced to earlier.

- Development facilitation and incentives: The City has 80 acres it annexed and purchased on the eastern edge of the community. This area underwent a master plan process and is called the East Neighborhood District. Our vision for the area is a mixed-use neighborhood with affordable housing options comprising a portion of the constructed housing stock. The City has struggled securing an initial developer due to up front infrastructure costs and these funds, in concert with other affordable housing funding sources, could be used to off-set some of these costs and facilitate development.
- Tax Credit “Gap” Funds: Another tool the City is considering to facilitate affordable housing development is to use a portion of the monies as tax credit “gap” funds. Essentially, the City would use the funds to cover short-term gaps in low-income housing tax credit or similarly aided projects.

*b. Explain how your proposal compares to similar efforts and how lessons learned from those efforts have shaped your proposal:*

The City has had a good deal of success with its past efforts on housing, housing development, and affordability. Solis Circle gave the City experience in affordable housing development as a developer, Hillcrest Estates, a manufactured home community in the City, has provided an opportunity to have a public private partnership between a community owner and several City led initiatives, including them as a stakeholder in planning initiatives, transit expansions, and a FEMA emergency shelter, finally the City’s use of tax increment financing (TIF) has been extremely successful. The successful implementation of all these efforts has provided Altoona experience and confidence in its ability to effectively use these grant monies.

*c. Discuss how your proposal advances or complements existing planning initiatives, updates to local land use policies, services, other community assets (e.g., transportation planning, climate resilience and mitigation plans, public or supportive housing services, economic development opportunities, healthcare or school systems, etc.):*

In 2022 the City adopted a new Comprehensive Plan.<sup>6</sup> This plan was intended to be and is used as the guide for all the City’s land use and planning decisions on the above-listed topics. The Comprehensive Plan was drafted around three pillars: Social Equity, Economic Vitality, and Climate Action. Housing generation is one of the most emphasized goals in our Comprehensive Plan, with the future land use map promoting the establishment of land use districts that support a spectrum of housing types to accommodate a range of income groups and demographics. The

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<sup>6</sup> <https://www.ci.altoona.wi.us/development.phtml>

following quote from the Plan articulates Altoona’s awareness of the areas housing demand and common obstacles to its vision:

*“Additional housing diversity will be needed over the planning period to accommodate empty nesters, young professionals, and new families, to account for the costs of housing rising much faster than household income and relate to public service and environmental costs associated with housing. These needs can be fulfilled by small-lot single family, two-family, townhouses, and multi-family options such as those described as “missing middle” formats.” (pg.12)*

Financial capacity is required to implement Altoona’s planning initiatives around housing and other planning areas. Our proposal will assist us in establishing funding to meet the housing recommendations in the Comprehensive Plan, as well as the 2019 Housing Action Plan and 2023 Regional Housing Study.<sup>7</sup> While the City is receiving \$6 million in TIF dollars to use towards affordable housing, other funding sources are required to maximize Altoona’s planned programs.

*d. Describe the community’s most significant environmental risks and how the proposal is aligned with them to efficiently promote community resilience.*

Altoona has many environmental assets including Lake Altoona, the Eau Claire River, and Otter Creek corridor. As articulated in our Comprehensive Plan these natural resources affect the City’s growth and development potential, but also present opportunities in the form of maintaining and improving these assets to increase the community’s high quality of life and proactively adapting to climate changes.

There are also opportunities to increase the City’s role in environmental sustainability and climate resiliency. The City is currently in the implementation phase of its Energy Action Plan, which was planned, drafted, and supported by Xcel Energy and Focus on Energy as part of its Partners in Energy Program. The focus of this plan is to reduce the carbon and energy footprint of the City, support and encourage the use of renewable energies throughout the community and help property owners and renters reduce their energy costs. This all contributes to reducing housing costs by increasing energy efficiency. Altoona is also working to be a champion of solar energy by becoming a Sol Smart designated community. This involves amending codes, permitting processes, and making investments in solar energy projects. The City is also exploring the viability of creating a microgrid in its East Neighborhood District by partnering with Eau Claire Energy Cooperative and Dairyland Power.

The most prevalent environmental risk faced by the community is the railroad corridor that runs through the City’s core. Altoona is innately tied to the railroad as it began as a railroad community and continues to embrace that heritage. Additionally, Lake Altoona is a great community asset but struggles with water quality issues as it is a man-made lake. Altoona is a stakeholder in the Eau Claire River Watershed Coalition, an organization dedicated to addressing the water quality challenges in the Eau Claire River Watershed, which includes Lake Altoona.

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<sup>7</sup> <https://www.ci.altoona.wi.us/development.phtml>



Our housing strategy over the coming years will need to consider the environmental impacts of Lake Altoona and the railroad when planning future projects. Funding opportunities such as this grant can only assist the community in addressing these challenges.

*e. Describe what roadblocks might impede the implementation of your proposal (e.g., the reversal of a plan to streamline the permitting process or difficulties codifying reforms due to local or state legislative processes). How will you address this?*

There are a few barriers that would act as roadblocks to the implementation of some of our housing strategies. The first would be political support for the affordable housing initiatives. Altoona has experienced resistance to the past few development projects from neighboring property owners which has created difficulty during the adoption process. This same type of resistance can be found with affordable housing programs in general. Altoona's primary means of countering this obstacle is emphasizing the goals and recommendations of the Comprehensive Plan which Wisconsin state statute says must be followed in planning and land use. The City also will emphasize the extensive data supporting the need for affordable housing to help break through the noise and keep Altoona on track with its adopted path, one which was established through heavy community engagement, technical expertise, and a passion for Altoona and what it is and can be.

Exclusionary zoning and development codes are a roadblock that can get in the way of affordable housing production. Excessive minimum lot size, unnecessarily onerous entitlement processes, large setback requirements, restrictive R-1 districts and segregation of uses, etc. are all present in our current regulations. Thankfully, the City is midway through a complete overhaul of these ordinances to eliminate these barriers.

External forces outside of City control are other items that have created issues for the City in the past. These include things like supply chain disruptions, high labor costs, increased material costs, and high interest rates have been inhibiting factors in past years. The City's primary method of helping counter these forces is through its highly effective use of tax increment financing to offset some of these costs. TIF enabled the success of its River Prairie District and other developments. With River Prairie's TID closing, this will open the ability to potentially establish a new TID in other areas such as the East Neighborhood District.



2. What is your geographic scope?

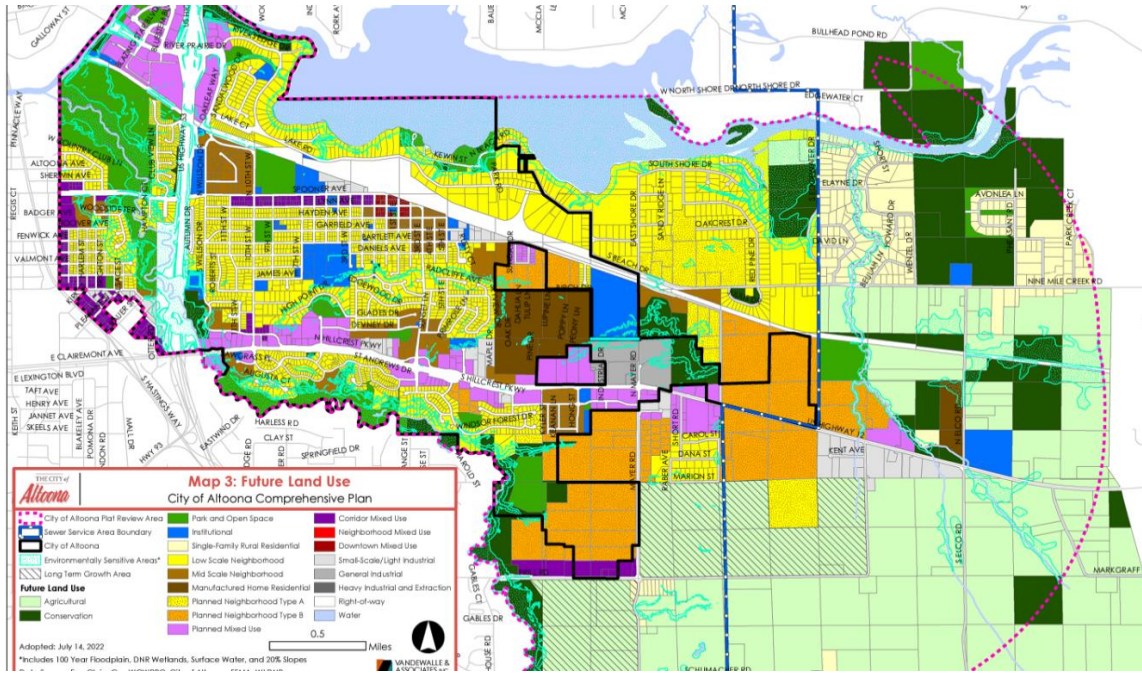


Figure 1. Altoona Future Land Use Map



Figure 2. East Neighborhood Concept





Figure 3. Downtown Altoona

The City is not going to limit or concentrate its efforts to support, generate, and preserve affordable housing to a specific area in the community. Doing so would create inequitable distribution and create or exacerbate low-income areas rather than supporting a quality integration of all types of housing with multiple income groups. The only not underway plans where there is a dedicated focus on a specific sub-geography would be our East Neighborhood District and our Downtown zone.

The East Neighborhood focus is due to it being the next area of the City expected to see significant new growth and development, as well as one that was master planned directly in-concurrence with the 2022 Comprehensive Plan update. Based on preliminary estimates, this area could see 310 new dwelling units on the low-end based on just the City-owned land within the existing plan. The Downtown focus is due to the City going through the acquisition process of a block of land to utilize for future development. This creates a prime opportunity for affordable housing support and development activity.

### 3. Who are your stakeholders? How are you engaging them?

- [JONAH Justice \(Eau Claire\)](#): Altoona has a prior and ongoing relationship with JONAH Justice, an organization that is a non-profit, interfaith organization that has been working with people, agencies, and organizations to help address root causes of poverty and injustice. Altoona has a long-standing relationship with JONAH, with a key accomplishment of the organization being its collaboration with the City of Altoona and Cody Filipczak of C&M Builders on the first intentional, collaborative, affordable housing development, Solis Circle in the area. This development, frequently mentioned above, resulted in 26 units of highly affordable apartments. The City views JONAH as a

primary stakeholder and ally in its efforts to support affordable housing in Altoona and attempts to consult them on housing initiatives.

- Altoona Housing Authority: The Altoona Housing Authority oversees both public housing and voucher programs, if available. The housing authority owns and manages 1 facility which totals 36 units across the city. Public housing agencies, including the public housing agency in Altoona, are required to submit and receive approval from the US Department of Housing and Urban Development Wisconsin Ph Program Ctr every 5 years. They detail the housing authority's strategy, outreach programs, operations, and policies so information can change. The Altoona HA code is WI033, and it's part of the Wisconsin Ph Program Ctr. The City of Altoona references Altoona Housing Authority as a stakeholder in its housing projects, including its planning initiatives such as the regional housing study performed in 2022.
- Hillcrest Estates: Hillcrest Estates is a 590 unit manufactured home park in central east Altoona. This park is one of Altoona's primary sources of affordable for-ownership housing and Altoona has an extremely close relationship with its owners. The City has collaborated with the community on numerous projects including its housing studies, planning projects, a major bus route expansion to provide residents access to badly needed transit, establishment of a FEMA Emergency Shelter, and other endeavors.
- Regional development community: Altoona has a reputation in the Eau Claire / Chippewa Valley area as being one of the area's most development friendly communities. This has been a key factor in its sustained growth in housing units on a year-by-year basis, making the City a key player in helping address the area's housing needs. As stated earlier, despite comprising 8.57% of Eau Claire County's population, Altoona accounted for 33.16% of population growth since 2020 and 13.65% of new equalized value.
- West Central Regional Planning Commission (WCRPC): WCRPC is the primary regional planning body in the Eau Claire / Chippewa Valley area. This makes them a core stakeholder in Altoona planning, and we have collaborated with them on infrastructure plans such as our sewer service area. They are also essential in efforts in transportation planning with the Safe Routes to School Plan.
- Xcel Energy & Focus on Energy: As mentioned above, Xcel Energy is one of Altoona's primary energy providers. The City is currently in the implementation phase of its Energy Action Plan, which was planned, drafted, and supported by Xcel Energy and Focus on Energy as part of its Partners in Energy Program. The focus of this plan is to reduce the carbon and energy footprint of the City, support and encourage the use of renewable energies throughout the community and help property owners and renters reduce their energy costs. This all contributes to reducing housing costs by increasing energy efficiency and is an on-going process.
- Eau Claire Energy Cooperative: Eau Claire Energy Cooperative is another primary energy provider in Altoona. Beyond the on-going relationship from client to provider, Altoona is working with Eau Claire Energy Cooperative on establishing a micro-grid in our East Neighborhood District. A feasibility study is currently underway and will be an asset in community energy use.



**4. How does your proposal align with requirements to affirmatively further fair housing?**

As stated in the NOFO, desegregation and concentration of minorities and low-income households is a historical failure of municipal affordable housing policy. The primary method of the City complying with the NOFO requirements to remove barriers to well-resourced areas of the community, support desegregation, prevent concentration of affordable housing to low-opportunity or already low-income areas, and promote fairness is in the amendments to our land use and development policies.

A key part of the zoning and development code update is enabling construction of missing middle housing in all residential areas. They may be on a spectrum of density allowances depending on the district, but this will enable missing middle housing infill development in areas where it currently is not possible. Like most communities, there are many R-1 Single Family only districts that only allow single family residential in Altoona; and even those have large minimum lot sizes to prevent small format single family that would be more affordable. While this is being done as a separate project, it will work in tandem with our proposed tools in this application.



*Figure 4. Container Park Renderings*

It was mentioned above that the City is interested in constructing housing in its traditional downtown area. Right now, the City does not have a “Downtown” zone and will be establishing one as part of the comprehensive zoning / development code re-write. The goal will be to preserve and enhance the downtown area, and the City has already begun that process through construction of a micro-retail container park which is expected to increase interest and foot

traffic downtown. It is also a means to lower barriers to establishing a business by drastically reducing facility costs, thereby increasing equity for historically disadvantaged groups. As part of this vision, the City is acquiring properties on the rest of the block in hopes to create a multifamily project. The intent would be for this to be a mixed income housing development, resulting in true low-income housing within one of Altoona's most historic and vibrant spaces.

In terms of minimizing displacement, the City is in the position where there is over 80 acres of raw land planned for development in the East Neighborhood master planned district. The remaining development will need to be mostly small-scale infill development, preventing mass displacement of existing properties. The City has already expended \$1.5 million to extend utilities to this area and is exploring options such as TIF funding to further incentivize development on this land. For existing neighborhoods and housing, the use of rehabilitation and repair funds for both ownership and rental housing will assist in reducing displacement. The overhaul of the zoning code to enable missing middle housing in all zoning districts will also serve to make currently non-conforming missing middle housing in R-1, R-2, and Commercial neighborhoods legally conforming. This prevents loss of the ability to rebuild housing when it is lost due to damage, decay, or destruction as is currently the case for those areas.

## **5. What are your budget and timeline proposals?**

The money allocated for the different tools Altoona would use these funds for would vary based on the granted amount. It should be noted that budgets are being made with the assumption that the grant funds will be leveraged with the \$6 million affordable housing fund that Altoona is establishing with TIF dollars. Below are sample applications of the monies as required by this NOFO section. The tools have been classified into two types: neighborhood preservation and resident assistance tools, and housing production tools. We would scale / allocate funds to those two categories based on if we were awarded funds on the lower end of the spectrum (\$1 million) or the higher end of the spectrum (\$7 million).

If the City received the lower end, a higher proportion would be dedicated to neighborhood preservation and resident assistance while a lower portion would go towards production tools such as property acquisition, new development project, infrastructure, etc. If the City received a higher allocation, a higher percentage would go to production of new affordable housing through City development, infrastructure improvements to areas of existing or new housing development. Below is a summary of planned tools and an illustration of how they could potentially be structured:

### *Ownership Assistance:*

The City would like to put together a down payment / ownership assistance program using affordable housing funds. At least 70% of the offered assistance would go towards those making less than 80% of the AMI. Beyond income qualification, terms could potentially be as follows:

- The assistance would be provided in the form of a 5–10-year 0% interest loan.

- The funds could be used for the purchase of any form of single-family home, whether it be attached or detached single-family. The gross housing cost of the home may not exceed 30% of the household income.
- Insurance, mortgage, and taxes must remain current.
- All buyers must complete a HUD-approved home buyer education course.
- Recipients must use the home as their primary residence for the duration of the loan.

*Owner-Occupied Rehabilitation and Repair Funding:*

As a key element to community affordable housing policy is preserving the naturally occurring affordable housing (NOAH) already in the community, the City would like to offer repair and rehabilitation assistance. A minimum of 70% of the approved applicants will need to make less than 80% of the AMI for the grant funds. Beyond income qualifications, terms could be as follows:

- The assistance would be provided in the form of a 10–15-year 0% interest loan.
- Maximum of \$30,000
- The loans would be paid back with quarterly payments.
- Recipients must use the home as their primary residence for the duration of the loan.
- Property must be current on municipal taxes and utilities.
- Improvements would be required to relate to bringing the homes up to code, reducing energy costs through environmental improvements, increasing curb appeal, etc.

*Rental Rehabilitation and Repair Funding:*

Rentals are usually the primary source of NOAH in a community and keeping rental housing stock in good repair for safety, living costs, and external aesthetics is an important piece of housing policy. Assistance with grant sourced funds would be limited to property owners who rent at least 10-15% of units at amount affordable (housing costs 30% or less of income) to those making less than 80% of the AMI.

- Assistance would be provided in the form of a 10-15-year 0% interest loan.
- Rents on all affordable units would be required to be kept affordable for the duration of the loan.
- Maximum of \$30,000.
- Improvements must be made to upgrade the rental building to better align with current codes and / or reduce resident costs of living.
- Property must be current on municipal tax and utility payments.
- No outstanding code violations with the City.

*Property Acquisition:*

If the City received a higher end award from this grant, when combined with the TIF derived affordable housing funds Altoona would have \$13 million to dedicate to affordable housing. This

amount would permit property acquisition attempts to support development of new affordable housing. The City has demonstrated its capacity to implement public affordable housing and has an interest in doing so again when funds are available. As discussed above, the City is in the process of acquiring the properties on Lynn Avenue across from City Hall. The intent of this acquisition is to support development of that area alongside our new container park development.

The City has also shown its capacity to leverage funds for effective property acquisition through its annexation and purchase of 80 acres on the eastern edge of town. Our housing action plan, East Neighborhood plan, and Comprehensive Plan all call for leveraging city owned property for affordable housing and Altoona is committed to implementing that plan. This goal overlaps with the other two development tools listed in this section: public housing development and development incentives.

*Public Affordable Housing Development:*

The City has a strong record with affordable housing development. Altoona has several assets or as discussed above is acquiring several assets in the form of land that affordable housing can be constructed on. \$7 million alone would enable construction of a 25 units multifamily building with an estimated cost of \$210,000 per unit<sup>8</sup> if each unit was 600 feet or less, for a total building cost of \$5,250,000. This estimate is assuming a building cost of \$350 per square foot.<sup>9</sup> As this would be done in cash, the rents from these units would be able to provide a continuous source of support for the City's affordable housing program. A 20–25-unit multifamily apartment is fully feasible around the section of Lynn Avenue the City is slowly acquiring. This would be a mixed-income complex with low-income and market rate units providing quality affordable housing without income segregation.

When combined with the \$6 million affordable housing money the City can leverage, Altoona would have between \$7 million and \$13 million depending on grant amount. \$13 million would allow the City to scale up the unit count and / or number of projects. The City wants to retain a portion of the new affordable housing fund funding for neighborhood preservation and assistance tools, so the greater the grant amount the higher the City can scale its use of funds for development functions. The East Neighborhood is another City owned area that is a prime setting for new affordable housing development. The scale of implementation in the East Neighborhood can be much greater, however, and the City is hoping to utilize private development in that area potentially through development incentives.

*Development Incentives:*

The City has an East Neighborhood Plan that has been referred to in previous sections. This is the remaining potential large-scale development on City-owned land. The City has had several prospective proposals for housing in that area, with the main reservation voiced being the upfront

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<sup>8</sup> <https://www.multifamily.loans/apartment-finance-blog/multifamily-construction-costs-an-investor-guide/>

<sup>9</sup> <https://www.multifamily.loans/apartment-finance-blog/multifamily-construction-costs-an-investor-guide/>

cost of developing. While the City has extended utilities to that area, the private and public infrastructure must still be installed.

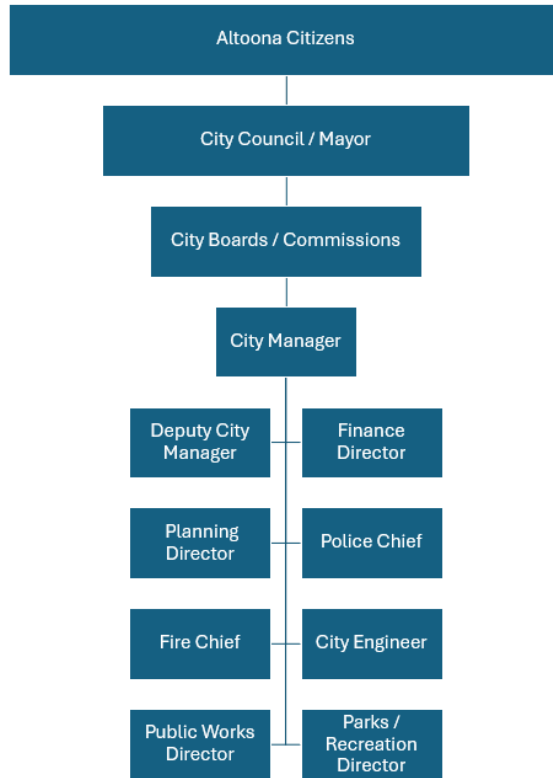
In the case of the East Neighborhood, the City has even more funds to potentially leverage alongside the requested grant funds and with the closure of TID 3, giving us the \$6 million windfall, the City can open a new TID potentially over that area. That allows Altoona to leverage the \$6 million affordable housing fund, PRO grant funds, and TIF to incentivize / support development.



**E. Capacity**

**1. What capacity do you and your Partner(s) have? What is your staffing plan?**

Altoona is a full-service community with a broad organizational structure. The City has a Council – Manager form of government, with the City Manager reporting directly to the City Council and mayor and the various department heads reporting to the City Manager. Below is an organizational chart of Altoona’s administration and department breakdown as required by the NOFO.



*Figure 5. City Administration Organizational Chart*

As it currently stands, Altoona does not have a housing specialist who would oversee the new Affordable Housing Program it is currently in the process of establishing. After discussions with City officials and public hearings, the City is expected to hire a contracted or City employee to be its Housing / Grant Management Specialist. The City already has the funds to do so with its closure for TID #2 last year. This closure provided the City \$237,000 and a potential position has been designed with a full-time annual salary of \$76,398.40. This position has yet to be fully authorized but is planned to ensure sufficient and competent management of all housing-related funds. For the time being, if awarded the grant funds, the funds would be retained by the Finance Director as are the other City housing funds until a program is fully established and

ready to implement. At that time administration would fall to the hired Housing / Grant Management Specialist or be split among the appropriate city departments.

In terms of the City having relevant project management, quality assurance, financial and procurement, and internal control capacity to quickly launch and implement a major project, Altoona has extensive experience with this. Solis Circle was established and continues to perform well, and the City has initiated its preparation and construction of the downtown micro-retail container park. The City has initiated numerous road projects and overseen extensive utility extensions to enable development of multiple areas of the City. These were typically done utilizing TIF funds, though the container park was largely covered with grant sourced monies.

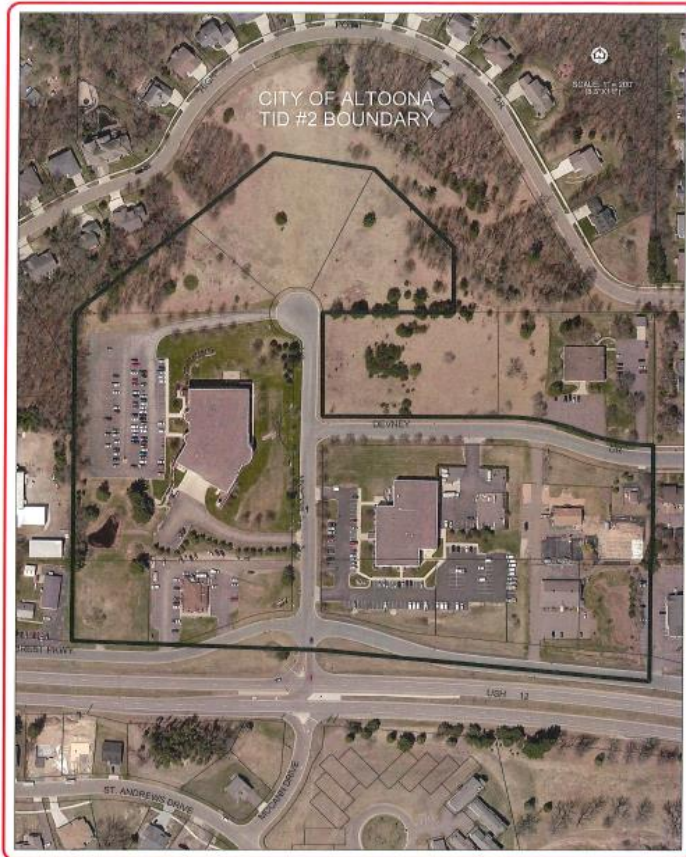
The City also has acted as the owner / partial developer of the River Prairie Park and District area, which has been overwhelmingly successful, generated \$6 million in TID housing funds; this is the largest single gross windfall from any TID in western Wisconsin we are aware of and one of the greatest per capita windfalls in the state. River Prairie required extensive collaboration with developers, contractors, and City staff, plus the City had to work with multiple intergovernmental partners for the TID establishment including the Altoona school district.

This grant application was drafted by Altoona Planning Director Taylor Greenwell, AICP. The Planning Director is a member of this applicant's staff, not a contract employee from an external party.

**Exhibit F. Leverage**

**1. Are you leveraging other funding or non-financial contributions?**

The City of Altoona is leveraging its existing and future affordable housing program funds with this grant. These funds are TIF derived money secured by the above referenced feature in Wisconsin state statute<sup>10</sup> that allows cities to extend their TIDs by one year after the original project costs have been paid off. The TIF funds may only be used for housing production and enhancement, and at least 75% of which must be used for affordable housing. The remaining 25% of funds may be used to improve the City’s housing stock in general. They may be used anywhere in the community and do not have a time limit on their use.



*Figure 6. TID #2 Area*

This year the City received \$237,000 from the closure of its TID #2 District. The City has already made the required resolution to the State of Wisconsin dedicating these funds to an affordable housing fund and the resolution is attached to this application. The resolution is a formality in the extension process as these funds may not be used for anything besides housing production and enhancement.

<sup>10</sup> <https://docs.legis.wisconsin.gov/statutes/statutes/66/xi/1105/6/g/1/a>



*Figure 7. River Prairie (TID #3)*

Next year, Altoona will receive \$6 million which must go to the affordable housing fund under state law. The resolution will be made early next year. This means the City currently has in hand the equivalent of 3.3% of the total maximum grant amount offered (\$7 million); and the City will have formally dedicated and leveraged within the grant project window of 2025-2030 a total of \$6,237,000 or 89% of the maximum grant amount.

**Exhibit G. Long-term Effect**

**1. What permanent, long-term effects will your proposal have? What outcomes do you expect?**

The City expects to see both an increase in homeownership accessibility as well as increased production of new rental and for-ownership housing.

The City has a total of 3,671 housing units. 57.4% of occupied housing units are owner-occupied and 42.6% are renter occupied. The estimated rental vacancy rate in Altoona is 4.7% and there is a 100% occupancy rate for non-rental housing according to American Community Survey (ACS) 5-Year estimates (2022)<sup>11</sup>. As detailed in our vision section of this application, a key component of our strategy is down payment assistance for those making 80% or less of the AMI. A down payment assistance program helps address one of the key hurdles in purchasing a home. The City is also entertaining proposals from developers for its East Neighborhood District, including proposals involving affordable for-sale housing options and a complete overhaul of its zoning / development ordinances to reduce housing barriers. Homeownership rates in a community are easily measured and will be able to be quantified at the end of the project period.

In addition to greater ownership accessibility and production of for-ownership housing, the City expects to see increased production and preservation of affordable rental housing. The City has plans for mixed income housing with the City as the developer depending on the amount received. This by itself results in permanent new affordable housing. In addition, the above-referenced East Neighborhood proposals involve rental as well as for-ownership potential opportunities. The renovation and repair program should also assist in preserving and incentivizing affordable rental housing and rents are trackable during the project period through ACS estimates.

For more detail, please see Exhibit D of this application.

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<sup>11</sup>

<https://data.census.gov/table/ACSDP5Y2022.DP04?q=Altoona%20city,%20Wisconsin&t=Homeownership%20Rate>



**Attachment A. Summary of comments received on published Application and list of commenters by name / organizations.**

To be drafted upon completion of the mandatory public input process.

**Attachment B. Certification of compliance with NOFO public participation requirements**

To be drafted upon completion of the mandatory public input process.

**Attachment C. Advancing Racial Equity Narrative**

This application fulfills the four standards called out in the NOFO for this item:

1. These measures do not benefit or target a specific racial composition of persons or households over persons or communities of color. Equity was a specific focus of the proposed housing program measures, including preventing segregation of housing, supporting homeownership opportunities, preventing displacement, and generating options.
2. There are not specific potential barriers to persons or communities of color from the proposed award activities beyond what have been outlined in this application.
3. This application outlines steps to prevent, reduce, or eliminate these barriers.
4. There are measures in place through economic data sourced from the US Census to evaluate the effectiveness of efforts to advance racial equity in the award activities.

**Attachment D. Affirmative Marketing and Outreach Narrative**

This application has been noticed in accordance with the recommendations and requirements of the application NOFO for this grant.



**Attachment E. Experience Promoting Racial Equity Narrative**

Fulfilled by the application contents as described in Section IV.B. of the NOFO.

**Attachment F. TID #2 Resolution**

**City of Altoona Resolution 3B-23**  
**Tax Incremental District (TID) Termination Resolution**

WHEREAS, the City of Altoona created TID 2 on July 31, 2000, and adopted a project plan in the same year, and

WHEREAS, all TID 2 projects were completed in the prescribed allowed time; and;

WHEREAS, sufficient increment was collected as of the 2022 tax roll, payable 2023, to cover TID 2 project costs.

THEREFORE, BE IT RESOLVED, that the City of Altoona terminates TID 2; and

BE IT FURTHER RESOLVED, that the City Clerk shall notify the Wisconsin Department of Revenue (DOR), within 60 days of this resolution or prior to the deadline of April 15, 2023, whichever comes first, that the TID has been terminated; and

BE IT FURTHER RESOLVED, that the City Clerk shall sign the required DOR Final Accounting Submission Date form (PE-223) agreeing on a date by which the City shall submit final accounting information to DOR; and:

BE IT FURTHER RESOLVED, that the City Treasurer shall distribute any excess increment collected after providing for ongoing expenses of the TID, to the affected taxing districts with proportionate shares as determined in the final audit by the City's auditor, CLA (CliftonLarsonAllen LLP).

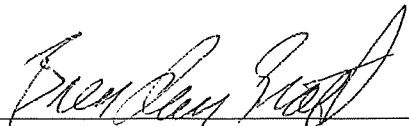
Adopted this 23<sup>rd</sup> day of March, 2023.

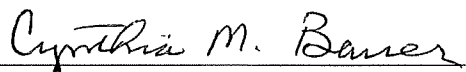
Resolution introduced and adoption moved by alderperson Matthew Biren

Motion for adoption seconded by alderperson Jon Olson

On roll call motion passed by a vote of 5 ayes to 0 nays.

ATTEST:

  
\_\_\_\_\_  
Brendan Pratt, Mayor

  
\_\_\_\_\_  
Cynthia Bauer, City Clerk

