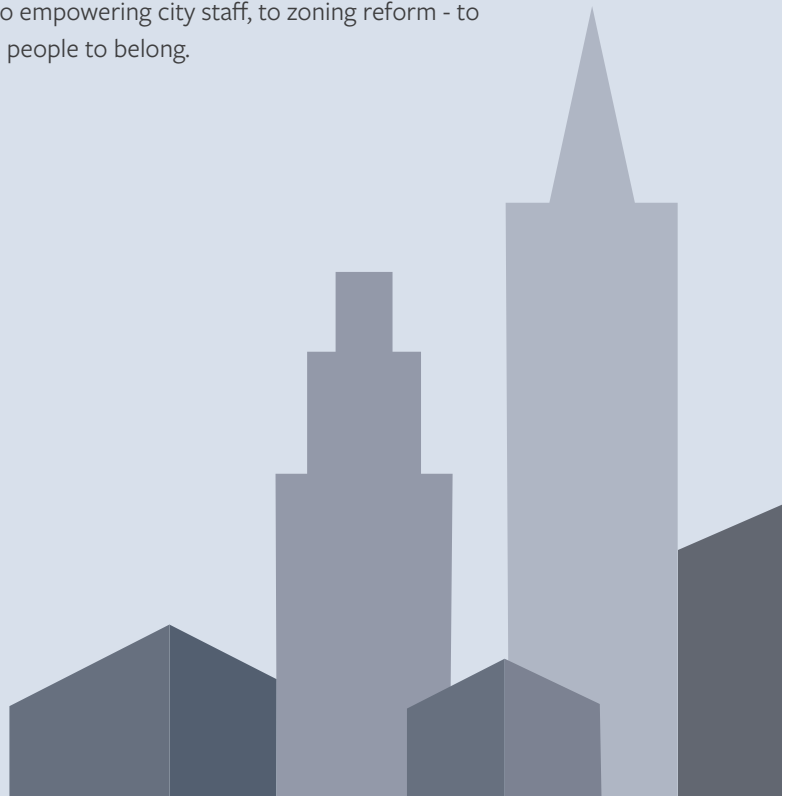




HOUSING, DENSITY, AND THE POLITICAL WILL TO DELIVER

SUMMER 2026 POLICY MEETING
JULY 22-24 • MADISON, WI

Healthy vacancy rates are essential to easing housing pressures. The City of Madison has moved its vacancy rate from a low of 1.9% in 2022 to nearing 5% in 2026 - despite rapid population growth, political headwinds, and high production costs. Madison's Housing Forward initiative aims to create 15,000 new homes by 2030 while ensuring at least 25% of these new homes include long-term affordability for those making 60% AMI or less. This panel offers a candid and instructive view of how a city can apply a range of tools - from ADUs, to empowering city staff, to zoning reform - to make more room, literally and figuratively, for more people to belong.



HOUSING PRODUCTION, DENSITY & THE HIGH ROAD

A “high road” economic strategy rejects the false choice between rapid growth and social equity. In housing, it means scaling up supply while simultaneously protecting low-income residents, ensuring that growth fosters community wealth and belonging rather than displacement.

The high road version of housing production is the intentional, strategic expansion of the housing stock that actively bakes in affordability. Instead of relying solely on unregulated, market-rate luxury development, the high road model—exemplified by Madison’s Housing Forward initiative—couples aggressive overall production goals with strict, long-term affordability guardrails (such as ensuring at least 25% of new homes serve those at or below 60% AMI).

THE CITY’S ROLE

The city’s role is to act as a proactive planner and progressive regulator. Rather than letting outdated rules stall progress, cities must wield a comprehensive toolkit—including sweeping zoning reforms, legalizing ADUs, and empowering municipal staff—to clear bureaucratic hurdles. The city must deliberately orchestrate the market to ensure healthy vacancy rates that ease rental pressures for everyone.

WHY IT MATTERS

Adequate housing is the foundation of economic stability. Accelerating production through a high road lens is vital because it addresses the root causes of the affordability crisis without leaving vulnerable populations behind. By creating literal and figurative room for growth, cities prove that rapid population expansion can coexist with deep affordability, ultimately building a community where everyone has a right to belong.



DISCLAIMER

For length, clarity, and printing purposes, many of these sources have been abbreviated and/or edited from their original form. To read the full, unabbreviated resources from this book, please visit our website or view them on the usb drive provided in your meeting materials.

RESOURCES

PAGE

1

“Housing Forward,” City of Madison, WI, 2021.

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“Housing Forward Update,” City of Madison, WI, 2025.

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“City of Madison Housing Tracker,” Department of Planning & Community & Economic Development, City of Madison, WI, 2026.

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“Fall 2025 Housing Forward Proposals,” Mayor’s Office, City of Madison, WI, 2025.

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“Winter 2025 Proposals,” Mayor’s Office, City of Madison, WI, 2025.

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“2025 Housing Snapshot Report,” Department of Planning & Community & Economic Development, City of Madison, WI, 2026.



Housing **FORWARD**

Madison's housing market has seen tremendous growth powered by two engines: a high quality of life and a strong job market that have combined to attract thousands of new residents every year. If growth continues at this pace, by the year 2040, there could be 70,000 new residents and 40,000 new households in Madison.

The supply of housing has not kept pace, contributing to a chronic shortage of housing and rapidly rising prices. The result is that people have less choice about where they live and those with fewer means often have no choice at all. COVID-19 has only exacerbated the underlying issues of inequality and diminished affordability in our city, leaving many in a state of housing instability.

So what do we need? We need more housing, we need more types of housing, we need more affordable housing, and we need housing with more services.

In the past two years, Madison has:

- Invested over \$18 million in affordable housing, including \$13 million in tax-credit projects and \$5 million in other innovative approaches
- Partnered with Urban League and WHEDA to increase home ownership in communities of color
- Shifted our homeless services approach to protect people experiencing homelessness from COVID-19
- Helped women and people of color get trained in real estate development, and started designing a program to diversify the commercial real estate field
- Introduced zoning changes to make it easier to build missing middle housing and help increase supply
- Provided rental assistance to households impacted by COVID-19

**But we're not done yet.
Housing Forward builds on
and expands this work.**

Housing Forward proposes a five-pronged approach to address our housing needs

#1 Increase Housing Choice

Our city is growing and, despite all of the new construction that has occurred, it hasn't been enough. In order to keep pace with our growth and create more housing options for people, we need to enable the construction of 10,000 new homes in the next 5 years to meet the City's projected needs. This plan looks to pave the way for adding the housing we need. It will:

- Implement adopted plans through the zoning code
- Adjust the zoning code to enable the construction of more housing
- Make it easier to build new types of housing (like townhouses and backyard cottages)

#2 Create Affordable Housing throughout the City

Those most affected by the current housing shortage are low to middle income households that are being priced out of neighborhoods and, in some cases, out of our city. By using all of our financial and regulatory tools, we will work with partners to construct 1,250 new affordable housing units in the next 5 years, half of them for households earning less than 50% of Area Median Income. This plan will:

- Focus City support on affordable housing developments with transit access and that deliver long-term affordability
- Buy land and make it available for affordable housing
- Update regulations to encourage construction of affordable housing

- Implemented
- In Process
- Not Started



Meeting housing needs for all
in a growing city



Housing **FORWARD**

#3 Combat Displacement and Segregation

The growth and prosperity in Madison has not been shared by all residents. People of color, low income households, and vulnerable populations in many cases do not have the opportunity to live in all neighborhoods or participate in homeownership. This plan will help overcome longstanding and growing issues of income and racial inequality by creating more housing options for people of color and those with lower incomes. It will:

- Expand housing options by supporting a greater variety of housing types within neighborhoods, like condos, townhomes, co-ops, and land trusts
- Increase homeownership opportunities for people of color
- Prioritize preservation of existing affordable housing

- Implemented
- In Process
- Not Started

#4 Ensure Seniors and Others Can Stay in Their Homes

Even when people have housing they are often one missed paycheck, one health emergency, or one misstep away from losing it. This plan aims to increase housing stability for those at risk by promoting programs and policies that protect people's rights and keep their housing safe and affordable. It will:

- Strengthen programs and services to tenants that prevent evictions, including legal representation for tenants and addressing retaliatory evictions after complaints
- Expand loan programs for seniors and homeowners at risk of displacement to stay in their homes
- Enhance programs that make existing housing more accessible and energy efficient

#5 Work to End Homelessness

When our housing market fails and people lose their housing options, they face the risk of homelessness. This has been particularly evident during the COVID-19 pandemic. It exacts an enormous cost on those who become homeless, especially children. The solution is to provide housing options with supportive services that make it more likely that people will be successful in housing. Our goal is to end family and youth homelessness within the next 5 years.

- Increase investments in strategies that expand low-barrier housing options with support services for very low-income households
- Partner with the County and service providers to develop full-service purpose-built shelter facilities that help move people into stable housing
- Strengthen our non-profit partners through capacity building and education



Did you know?

- 49% of Madison households own their homes, while only 15% of Black/African American households own their homes
- 9 out of 10 new households added to Madison are renters, making us a majority renter community
- Madison has had one of the lowest rental vacancy rates in the country for a decade
- 50% of Madison renters cannot afford their housing
- \$1 = \$10 For every \$1 of City funds invested in tax credit housing developments, over \$10 of federal and private funds are invested
- The price of an average house in Madison has increased \$50,000 in just the last decade
- Nearly 650 people experience homelessness every night in Madison



Housing **FORWARD**

UPDATE

January 2025 Progress Report

The [Housing Forward initiative](#) was first launched in 2021 to address housing needs in Madison.

Housing Forward outlined a multi-pronged approach to address Madison’s housing needs: increase housing choice, create affordable housing, combat displacement and segregation, ensure older adults

and others can stay in their homes, and work to end homelessness.

This Housing Forward update highlights what’s been done over the last three years while also looking forward to make sure current Madisonians – and the more than 115,000 people expected to move into the City by 2050 – have a place to call home.

#1 Increase Housing Choice

Notable Accomplishments 2022–2024:

- Proactively rezoned areas to ease the path for building thousands of new homes of all types
- Created new Transit Oriented Development (TOD) Overlay Zoning District allowing more homes near high-frequency transit
- Expanded where and how accessory dwelling units (ADUs) can be built
- Updated code language around families and households to be more inclusive and expand housing choices for unrelated renter-households across Madison
- Identifying employment, institutional and commercial areas well suited for housing
- Working to improve and streamline development review and permitting processes

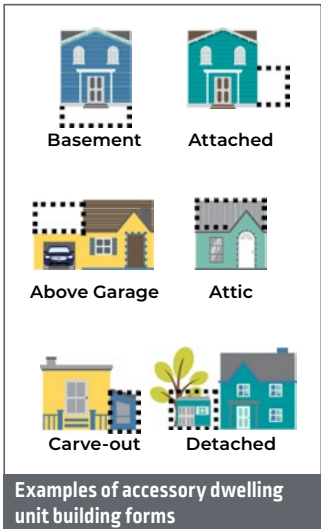
● Completed since 2022 / Ongoing
● Underway



Rise Madison construction adjacent to the Wright-Fair Oaks BRT station

What’s Next:

- Advocate for state policies that support more condominiums and other homeownership options
- Use Tax Increment Financing (TIF) for affordable homeownership programs
- Look for ways to make lot division and subdivision processes simpler to create more new lots for homes
- Pursue more code and process changes to support small-scale “missing middle” housing, including duplexes, townhomes, and small apartment buildings
- Develop pre-approved plan models for ADUs
- Continue to simplify zoning standards for infill housing citywide, including specific options that make sense downtown
- Update the Urban Design process and code
- Improve technology use for more efficient development review
- Strengthen communication with UW-Madison Housing staff about student housing needs and student-focused housing proposals





#2 Create Affordable Housing Throughout the City

Notable Accomplishments 2022–2024:

- Committed \$12 M from TIF and \$47 M from the City's Affordable Housing Fund to develop 2,544 homes, ensuring long-term affordability for 2/3 of these
- Committed land and \$1.35 M to partners to build or renovate 9 homes with permanent affordability for moderate-income homebuyers
- Leveraged over \$200 M in tax credits through City investment to build affordable housing
- Of the City-supported affordable homes, 96% are close to Bus Rapid Transit, and 185 will be affordable for households making no more than 30% of the area median income
- Adopted downtown height incentive to support more affordable housing, including affordable student housing
- Upgraded 159 rental homes in 30 buildings to improve comfort and reduce energy bills for tenants, and working to expand the program
- Continuing work on over 13 acres of land in South Madison for future affordable housing
- Began redeveloping 346 units of public housing into 1,200 mixed-income homes at the Triangle

● Completed since 2022 / Ongoing
● Underway

- Six affordable townhomes under construction on Theresa Terrace will be completed in 2025

What's Next:

- Explore changes to TIF policy to further support affordable housing
- Continue to leverage federal resources for affordable housing and to improve the efficiency of existing affordable housing
- Explore ways to better align between state and local standards for affordable housing
- Complete the Triangle and Park/Badger housing projects to add over 1,000 new affordable homes to the City
- Initiate redevelopment projects bringing hundreds of new affordable homes near Bus Rapid Transit including the Brayton Lot, Darbo-Worthington neighborhood, and smaller sites
- Commit another \$32 M to the Affordable Housing Fund in the next two years
- Continue strategic land purchases to add more affordable housing in the city

#3 Combat Displacement by Supporting Choices for People to Stay in Their Homes

Notable Accomplishments 2022–2024:

Combat Displacement and Segregation

- Committed \$6.6 M of City funds and \$3.7 M in federal funds to rehabilitate 637 rental homes
- Provided \$5.5 M for downpayment assistance for 139 households
- Strategizing with property owners to extend affordability on apartments when original terms expire
- Purchasing land for affordable housing in areas facing displacement pressure

Help Residents Remain in Their Homes

- Issued 87 loans totaling \$438K in property tax assistance for older adults on fixed incomes
- Issued 268 loans totaling \$1.7 M for home repairs
- Supported 10,900 households with \$53.2 M in rental assistance and eviction defense funding

- Offered municipal service bill credits to over 500 low-income households through the MadCAP program
- Investigated over 50 complaints of housing-related retaliation

What's Next:

- Expand program for energy improvements to affordable rental homes to reduce tenant energy bills
- Phase redevelopment of public housing across the city to ensure all residents can relocate to a new home on-site or nearby
- Continue supporting MadCAP to reduce utility bills for low-income residents



Triangle redevelopment will be phased to ensure that residents need not move more than once

#4 Work to End Homelessness

Notable Accomplishments 2022–2024:

- Preserved two "Housing First" affordable properties by transferring them to a local non-profit dedicated to rehabilitating buildings and maintaining long-term affordability
- Secured funds to sustain Dairy Drive campground through summer 2025
- Assembled \$25 M in City/County/Federal funds to construct a new men's shelter anticipated to open in early 2026

What's Next:

- Support the development of a new women & family shelter by purchasing excess real estate from the Salvation Army
- Complete the new men's shelter and secure additional public and private funding to ensure that its guests get the services needed to regain housing stability
- Continue supporting the creation of supportive housing to help people transition out of homelessness



Department of Planning & Community & Economic Development



Housing Initiatives

City-Led Development

Development Services Center

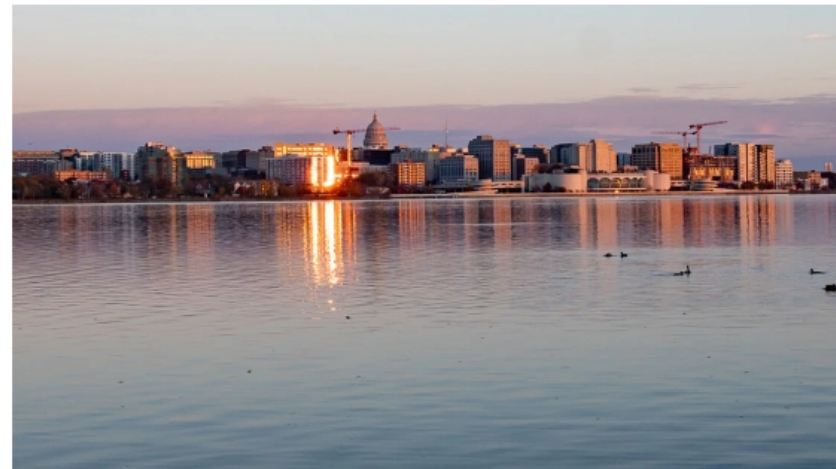
About

City of Madison Housing Tracker

Rising housing costs and Madison's low vacancy rate mean few housing choices as the city's population continues to grow. [According to the latest City growth projections](#), the City of Madison had about 134,800 homes at the beginning of 2025 and will add more than 9,300 new households (containing approximately 18,400 people) by 2030.

To address these challenges, the City of Madison is setting new housing production targets to support the creation of **15,000 new homes by 2030**, with **at least a quarter (3,750) having long-term affordability** at below-market rates.

The City is sharing this Housing Tracker to gauge community progress toward these goals and to compare it with recent housing construction.



City of Madison Housing Tracker



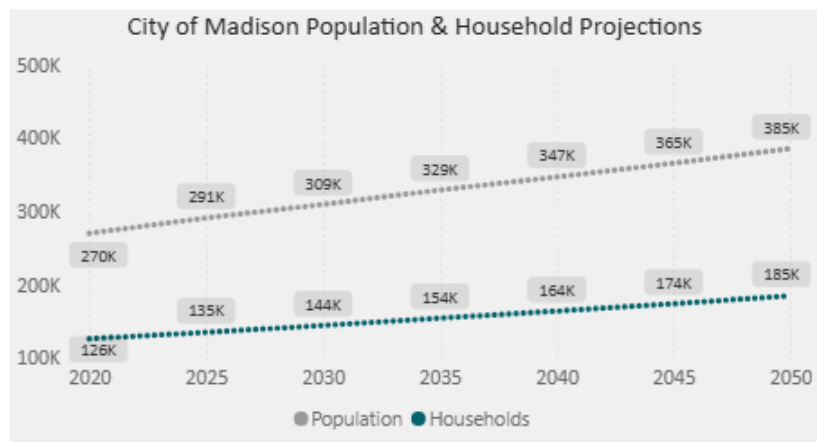
The City of Madison has two new housing production targets:

- Support the addition of 15,000 new homes by 2030
- Aim for 25% of these (3,750) to have long-term affordability

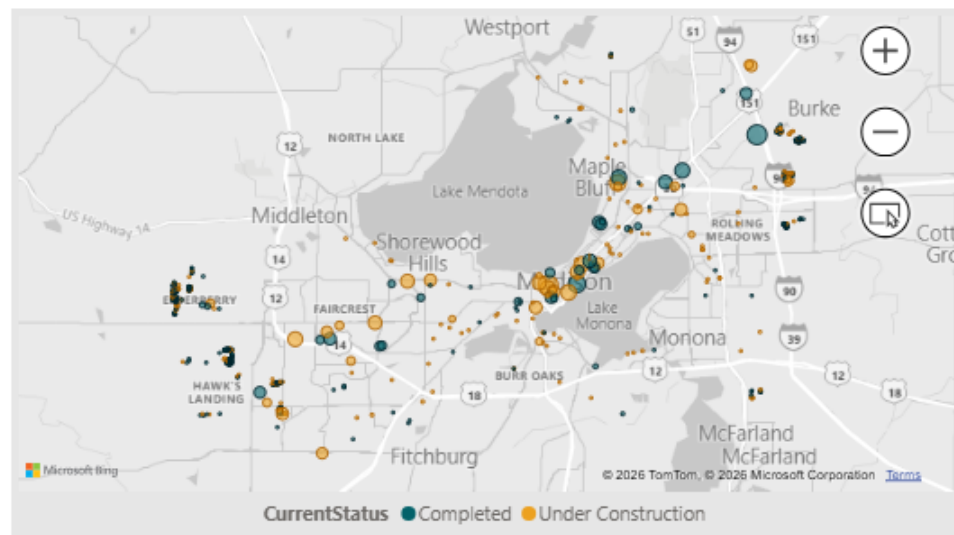
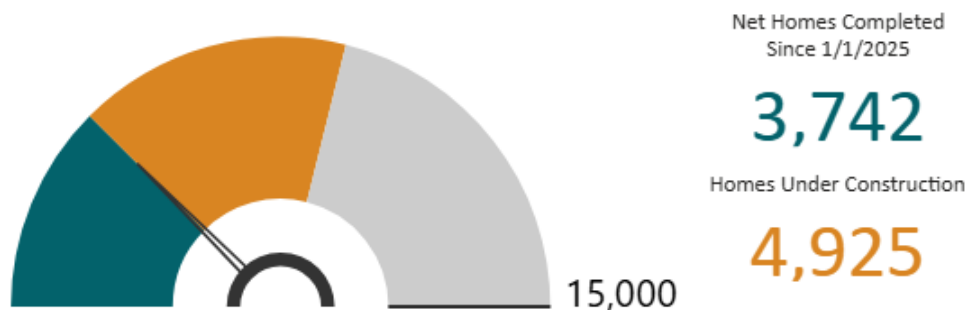
While we've seen about 22,000 new homes constructed over the last decade, we still need more homes of all types to meet community needs.

The aim to support 15,000 new homes, 25% (3,750) of which have long-term affordability is consistent with [Dane County's Regional Housing Strategy \(2024\)](#), which laid out targets for each community in the fastest-growing part of Wisconsin.

The City of Madison Housing Tracker is designed to be updated monthly with data from the City's Department of Planning, Community & Economic Development. Last Update: 6/29/2026



Housing Production 2025-2030



Affordable Housing Production

Affordable Housing can mean many things based on one's perspective. Generally, to be considered "affordable", housing costs should be no more than 30% of household income.

In this City of Madison Housing Tracker, "Affordable Housing" means that homes are subsidized and available only to renter households with income no greater than 60% of Madison's Area Median Income (AMI), or to homeowners with income no greater than 80% AMI. Deeply affordable rental housing for those making no greater than 30% AMI is also tracked. For rental homes, rent is limited according to the table shown here, updated each April by the Wisconsin Housing & Economic Development Authority (WHEDA) (last updated 4/3/2025).

Dane County set an ambitious goal for 25% of all new housing in the County to be affordable, which more than doubles the proportion of new homes we've seen in the City of Madison over the past decade. On this page, track Madison's progress toward this goal, and look back to see the amount and location of affordable housing completed since 2015.

Progress Toward New Affordable Housing Goal

3,750 (25%) Homes Completed Between 2025-2030



Affordable Homes Completed Since 1/1/25

804

Affordable Homes Under Construction

1059

Affordable Housing Income & Rent Limits

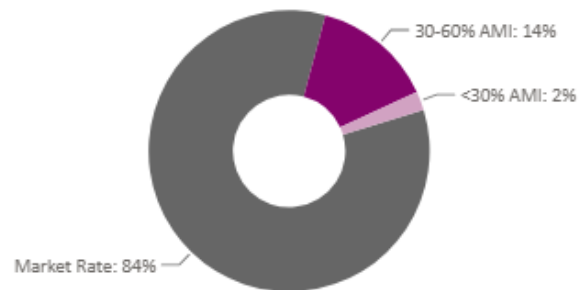
Income & Rent Limits	30% AMI	60% AMI
Rent Limit - Studio	\$711	\$1,422
Rent Limit - 3 BR	\$1,055	\$2,111
Rent Limit - 2 BR	\$913	\$1,827
Rent Limit - 1 BR	\$761	\$1,523
Income Limit - 4 person HH	\$40,590	\$81,180
Income Limit - 1 person HH	\$28,440	\$56,880

2015

2026

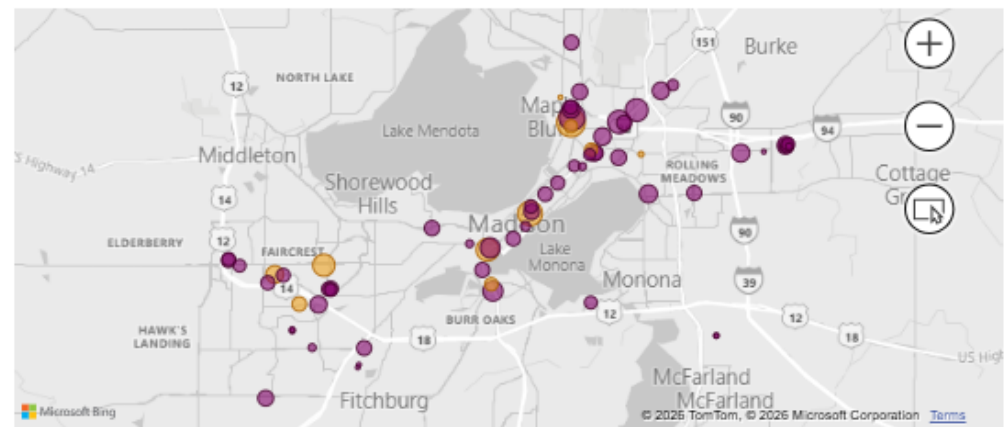


Lookback: Homes Completed Since 2015 by Level of Affordability



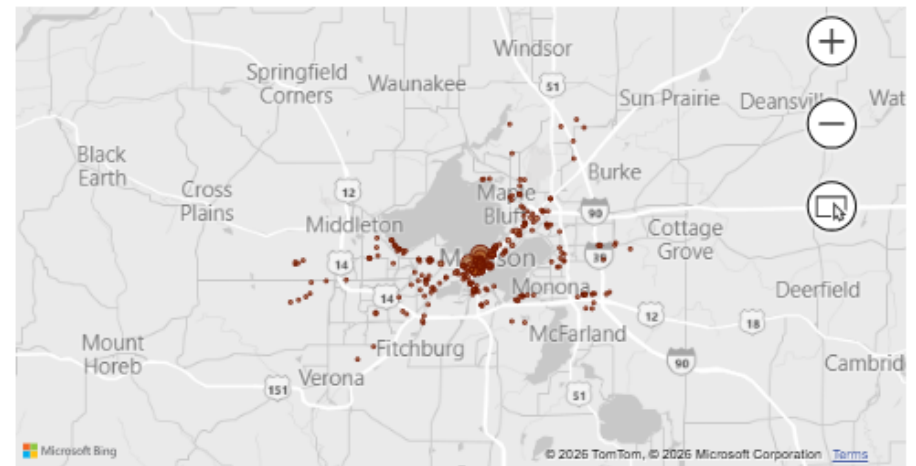
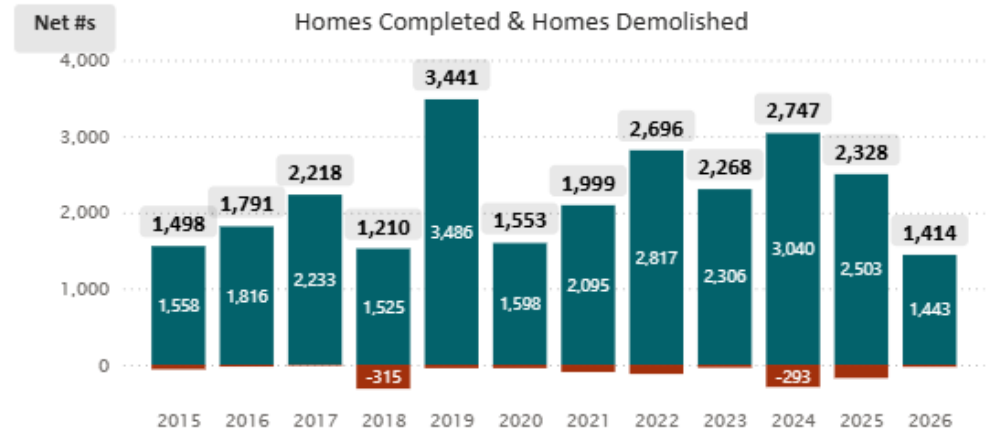
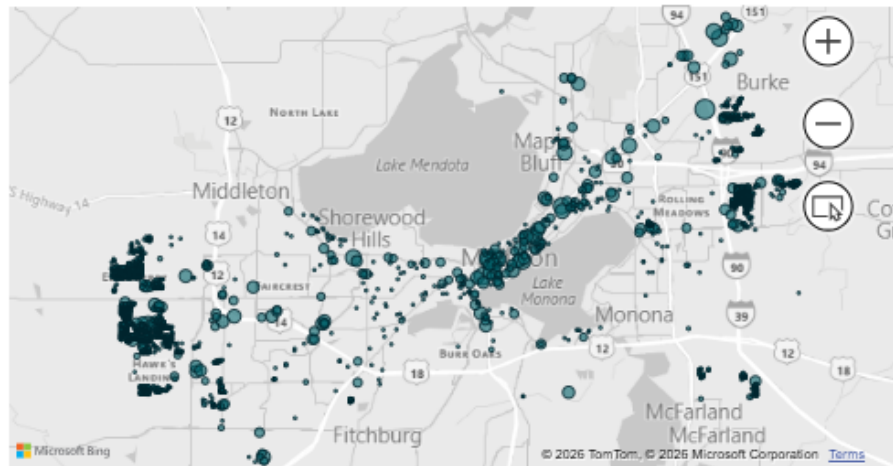
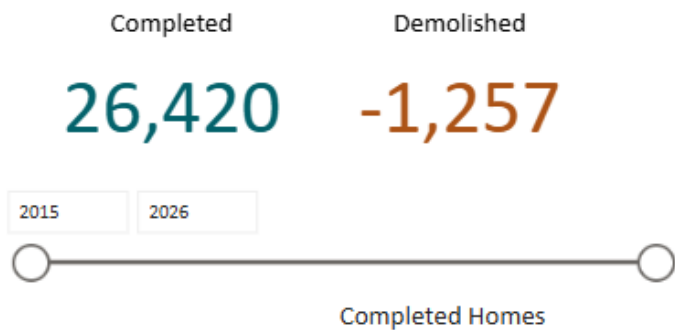
Lookback: Affordable Homes Completed Since 2015 & Under Construction

CurrentStatus ● Completed ● Under Construction



New Homes Since 2015

In the decade from 2015-2024, Madison added about 22,300 new homes (nearly 20% of the total homes existing in 2015). This accounts for homes demolished during that time as part of redevelopment efforts. Use these interactive visuals to explore when and where housing changes occurred from 2015 to present.





Fall 2025 Housing Forward Proposals



We are continuing work to make Madison more affordable for all the people who make this city an amazing place to live and work.

Earlier this year, the [Common Council unanimously approved](#) a set of policy changes designed to make it easier to build the types of smaller, more affordable homes we used to see built in Madison and simplify the permit process so that people from all walks of life can live all around our city.

We aren't stopping there, because we want every Madisonian, whether they have been here for a year or for a lifetime, to be able to live in their choice of home and neighborhood.

Three new proposals being introduced at the September 16, 2025, Common Council meeting continue to address regulatory roadblocks that have made it more difficult to get housing built in Madison over the years.

A public meeting on these proposals was held virtually on September 30, 2025. If you were unable to attend, a video recording of that informational meeting is now available.

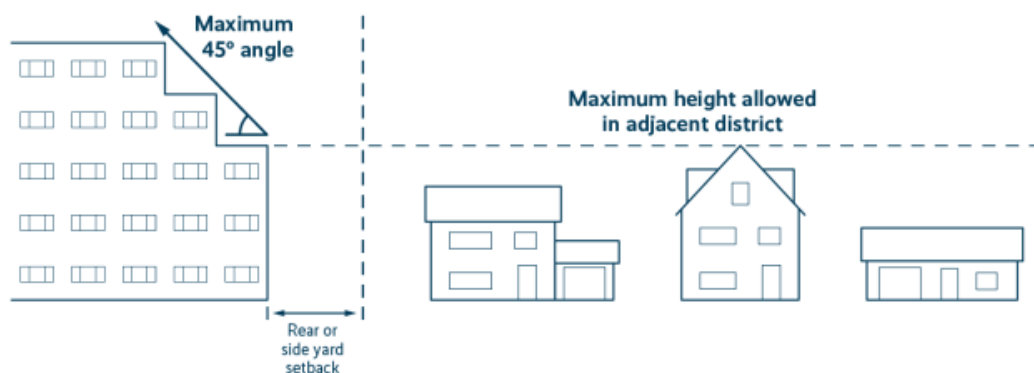
The three proposals introduced in September are explained in detail below.

Increase maximum allowed heights in height transition areas

This proposal would update existing rules that require upper stories of larger buildings to step down when adjacent to a residential district. This helps create a buffer, or more gradual transition from a zoning district with lower heights to one with higher heights. This proposal aligns the height of required step downs with the maximum allowed building height in the adjacent residential district. **This only applies in areas where a commercial, employment, or mixed use zone abuts a residential zone. It does not affect step downs between one residential zone and another.**

Proposal Details

The City of Madison's zoning code outlines requirements for development within every zoning district, including requirements for rear or side setbacks for buildings on lots that are directly next to residential zones. This requirement is called the "height transition area" and is intended to help transition the scale of buildings when moving from a more intense to a less intense zoning district. The result is a requirement for buildings in commercial and mixed-use zones to "step down" -- or gradually decrease in height as they get closer to any residential zones that may be located directly next to the property.



Right now, these transition rules require buildings in commercial and mixed-use zones to "step down" from their highest point to a maximum of two stories, or 25 feet, on the side abutting a residential district. From that point, the building height is allowed to increase by

one foot for every foot away from the property line until it reaches the maximum building height allowed for that commercial or mixed-use zone.

This proposal would change the text under the Rear or Side Yard Height Transition to Residential Districts section from “two (2) stories/twenty-five (25) feet” to “the maximum height in feet allowed in the abutting district as a permitted use” for the following commercial or mixed-use zones: **Neighborhood Mixed-Use (NMX)**, **Traditional Shopping Street (TSS)**, **Mixed Use Center (MXC)**, **Commercial Corridor – Transitional (CCT)**, **Commercial Center (CC)**, **Regional Mixed-Use (RMX)**, **Traditional Employment (TE)**, **Suburban Employment (SE)**, **Industrial – Limited (IL)**, and **Industrial – General (IG)**.

Why is this being proposed?

City staff found that the current “step down” standards have not kept pace with how the City’s zoning has evolved. As a result, the existing limit is lower than the maximum height allowed in the adjacent residential zones — the lowest maximum building height in a residential zone in the city is two stories/35 feet.

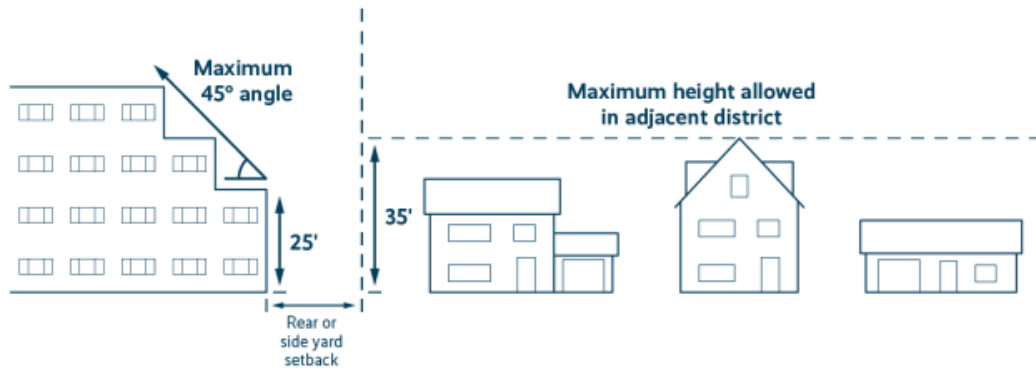
By allowing the step down to be measured from the maximum height of the adjacent residential district — instead of at 25 feet in all cases — this change can lead to some additional space within new buildings for homes to be created while still maintaining a context-sensitive transition to the neighboring residential district.

Specifically, this proposed change could result in more buildings being able to develop full lower stories on the sides and rears of new buildings in commercial, mixed use, and employment districts that are directly adjacent to residential districts.

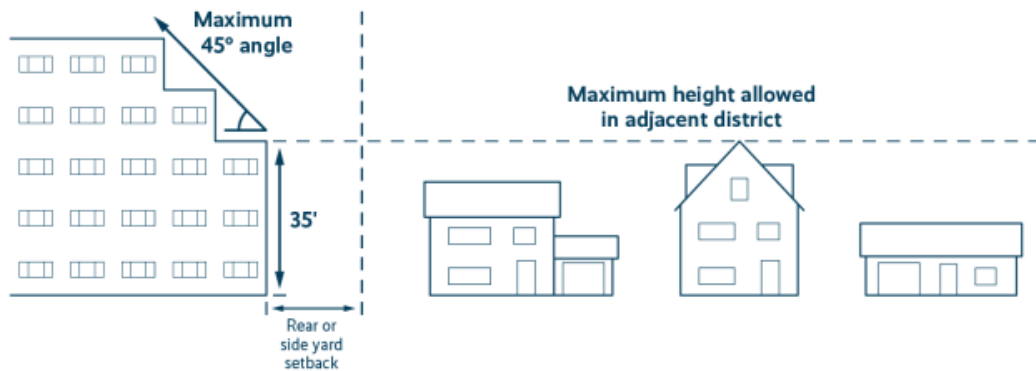
What would this look like?

You can think of a height transition area as drawing a 45-degree line from that current two-story limit, starting at the point of the rear or side yard setback, to the highest point of the building.

Here is an example of what the current requirements would look like for a building adjacent to a parcel zoned **TR-C1** (Traditional Residential – Consistent 1), a zoning district found across Madison, including much of the Nakoma neighborhood, the Westmorland neighborhood, the Waunona neighborhood, and parts of the Eastmorland and Hawthorne neighborhoods:



This proposed change would take the 25 feet/two story height maximum and increase it to the maximum height allowed in the TR-C1 district. In this example, that would mean increasing that limit to 35 feet, allowing for a third story to be added to the part of the building closest to the neighboring property:

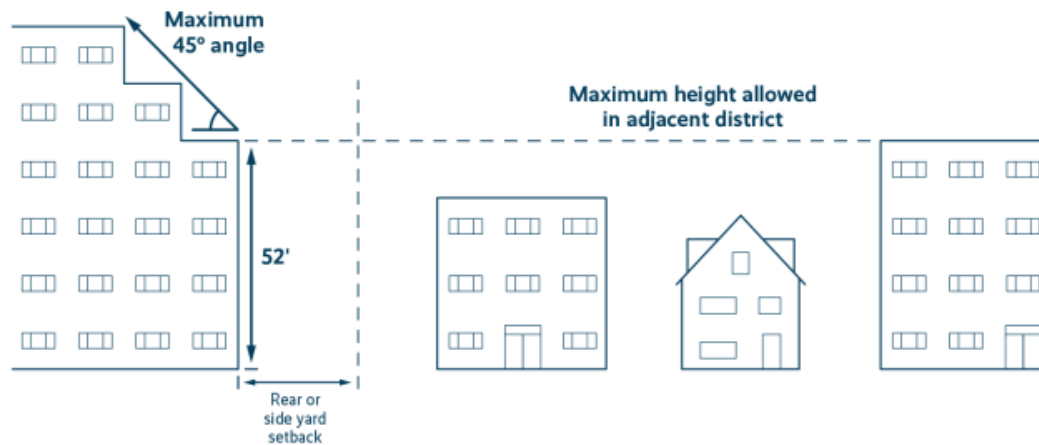


Here is another example: if a development was being proposed for a lot that was directly next to a Traditional Residential – Urban 2 (TR-U2) zoning district, which has a higher maximum height allowed due to its more urban setting, an increase from the current 25-foot maximum to the TR-U2 maximum of 52 feet could result in several additional full floors of homes on the sides and rear of the building that weren't possible under current requirements:

Current Requirement



Proposed Change



It is important to note that while this change would allow for more stories around the edges of the building, the **maximum height of the building overall would still depend on the zoning district where the project is located.**

Frequently Asked Questions

How can I tell if my property would be affected by this change?

You can use the City's [interactive zoning map](#) to see if your property is next to any of the Mixed-Use, Commercial, or Employment districts affected by this proposal.

Allow two Accessory Dwelling Units (ADUs) in a detached building and simplify accessory structure rules

This proposal would allow detached Accessory Dwelling Unit (ADU) buildings to have two units, effectively becoming duplexes. It would also remove the ADU's footprint area from the maximum cumulative square footage allowed for accessory structures so that ADUs are treated differently than garages and sheds.

Proposal Details

This proposal amends the ADU language in the code from “no more than one Accessory Dwelling Unit may be located on a lot” to “No more than one (1) attached dwelling unit or two (2) detached accessory dwelling units may be located on a lot.” The proposal also adds provisions that the detached ADU units must be in a single structure, and that a single lot also may not have both an attached ADU and a detached ADU.

In the section of the code that lays out the size restrictions for ADUs, a change is being made to make sure the footprint of a detached ADU does not count against a lot's 1,000-square-foot limit for all detached accessory buildings on a property, which includes things like detached garages and sheds.

This means that properties that have a separate existing detached garage on their property would no longer need to restrict the size of a new ADU in order to stay under that total 1,000 square foot limit. Total maximum lot coverage requirements would still be measured for all detached structures on the property, though, including ADUs. All existing regulations on the size and placement of an ADU — as well as other types of detached accessory buildings -- would also remain in place.

Why is this being proposed?

ADUs can help address the shortage of housing across Madison, but as the cost of construction materials continues to rise, they are not always economically viable to build. Renting out a second unit of an ADU may help cover some of the costs of construction while also adding another home to Madison's housing supply.

By separately counting the area of an ADU building from other types of accessory buildings, property owners may have more flexibility for adding an ADU and while also maintaining space for storage on the lot.

Adjust lot area, lot width, and alley attached garage rear setback minimums

This proposal introduces a series of small changes to further encourage small-scale development and create more opportunities to create new lots for housing, including on deep residential lots and corner lots.

Proposal Details

This proposal would make more lot divisions possible by slightly reducing detailed lot size and lot width requirements for many zoning districts in the city. It also allows for a 3-foot rear setback for alley-loaded attached garages in more zoning districts, as well as for attached single-family homes (often referred to as town homes) on narrow lots.

For nonresidential buildings, maximum lot coverage is proposed to change from 35% to 60% and maximum building coverage is proposed to change from no maximum to 50%.

Why is this being proposed?

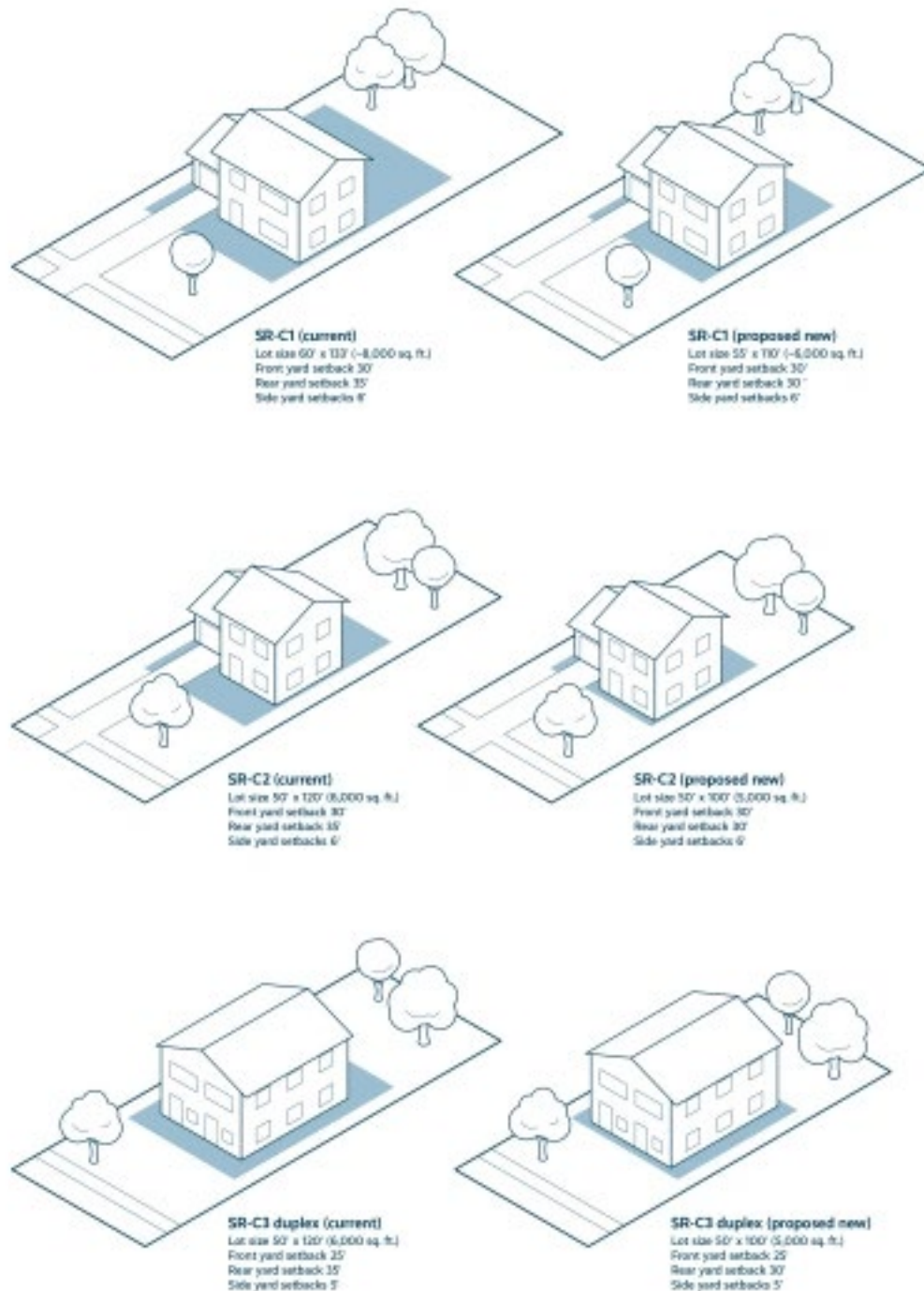
Lot size requirements are one of the biggest factors in determining how many homes can be built in an area. Making modest reductions to minimum lot size requirements across Madison opens the door to making more lot divisions possible, which in turn increases the number of potential single- or two-family homes that could be added to our neighborhoods. In some districts, these proposed changes would make recent deep residential lot or large corner lot divisions more feasible. In other districts, changes to the lot area per dwelling unit minimum requirements to bring them in line with current conditions – in essence, re-legalizing the sizes and types of buildings built in the past and that already help define neighborhoods' building patterns.

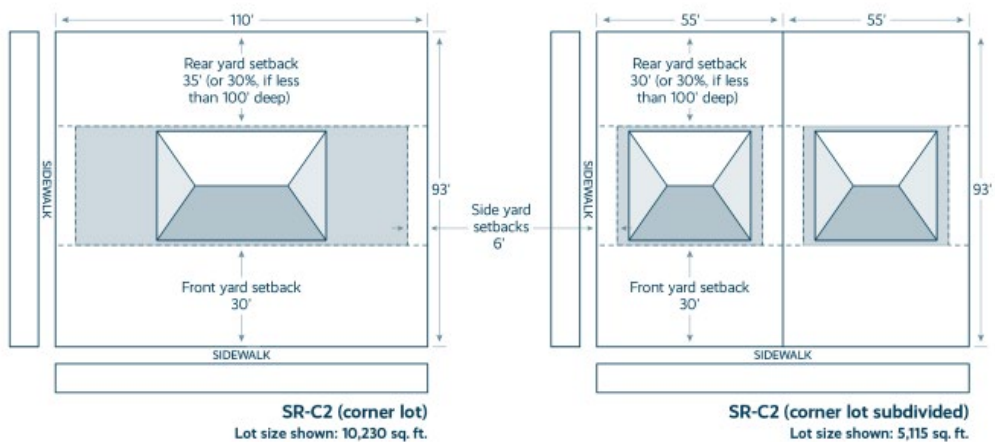
Allowing a three-foot rear setback for alley-loaded attached garages for attached single-family homes allows for more flexibility in home design in more districts and adds consistency between the required rear setback for attached garages and detached garages on lots that are served by alleys.

What would this look like?

With the proposed changes to minimum lot areas and widths, a hypothetical corner lot that is zoned SR-C2 (Suburban Residential – Consistent 2) that measures 10,230 square feet could be divided into two separate lots measuring 5,115 square feet each. Under the current code, this wouldn't be possible, since the minimum lot area required for a single-family detached home in SR-C2 zones is 6,000 square feet. The two new lots could host single-family homes or two-unit homes due to a previous Housing Forward initiative that

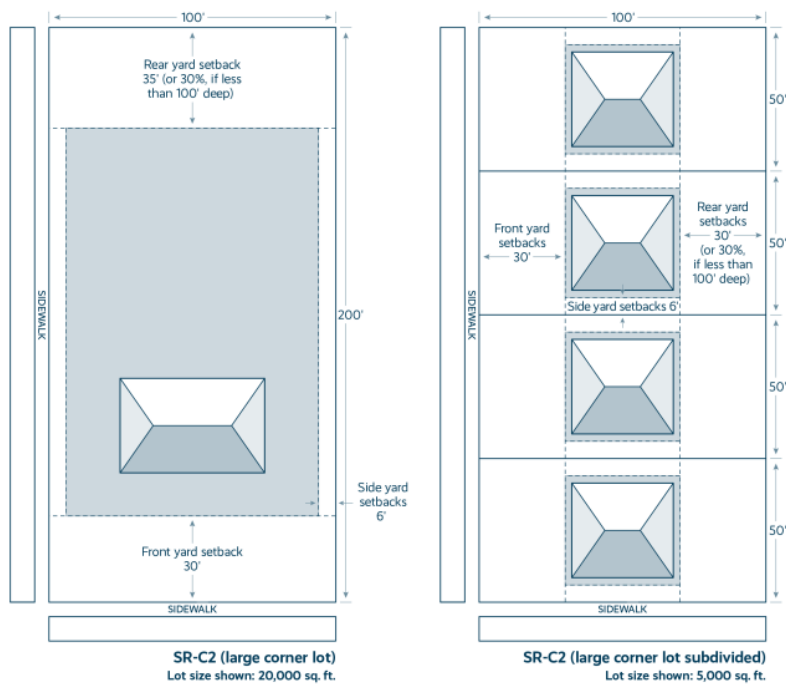
allowed two units of housing in all residentially-zoned lots across the City. In some cases, this could also allow for an existing home to remain in place on a new smaller lot, while creating a new lot for a new home.





The modest reduction in minimum lot size in SR-C2 from 6,000 square feet to 5,000 square feet could allow even more new lots to result if the owner of a larger lot decided they wanted to subdivide their land.

For example, a 20,000 square foot corner lot in SR-C2 zones could create as many as four individual lots of 5,000 square feet. This type of change could make underutilized housing types like town homes or duplexes more feasible, creating more housing opportunities in the same amount of space while still maintaining a similar building scale often seen in the surrounding neighborhood.



This proposal may also make the creation of backyard lots, which was expanded in the [previous package of Housing Forward ordinance changes](#), easier to accomplish.

To show this, let's consider a hypothetical deep lot that is zoned SR-C1 (Standard Residential – Consistent 1) and measures at 65 feet wide and 220 feet deep, or 14,300 square feet. Under this proposal and the previous backyard lot ordinance change, a property owner could decide to subdivide their deep lot to create a backyard lot with the required 10-foot street frontage for the back lot.

In this example, this subdivision would result in the front lot being 6,050 square feet and the backyard lot being 8,250 square feet. Both new lots would meet the new SR-C1 lot minimum of 6,000 square feet. This would not be possible right now due to the current SR-C1 lot minimum of 8,000 square feet.

reductions would increase the number of properties large enough for a backyard lot division from 3,803 to 6,291.

This map shows locations across Madison that are large enough to support a potential backyard lot under current minimum lot size and area requirements for their zoning district:

Future Proposals

Later this year, additional code updates are anticipated that will help introduce new missing middle housing options, strengthen opportunities for housing and mixed use in areas close to high-frequency transit routes, and provide more predictability for homeowners in certain residential areas who wish to make small improvements to their property. More details about these ideas will be shared at a later date.

Allowing Cottage Court developments in residential zoning districts

Featuring a collection of small homes on a shared lot, this missing middle housing type can allow for more homes on larger residential lots while offering individual single-family home opportunities, including potential for additional homeownership.

Updates to Transit Oriented Development Overlay Zone

This will enable more missing middle housing options and disallow a small number of auto-oriented commercial uses within this zone, which is in closest proximity to the city's high-frequency transit service.

Updating the zoning district for some “planned development” neighborhoods

Dating back several decades, some single- and two-family neighborhoods were developed under a unique, site-specific zoning code. These districts remain unchanged while the city other development codes have been updated over time. This has made it harder for property owners and the City to navigate what can be done on a property, and in some cases has caused unfair hurdles to relatively straightforward property improvements. This code change will evaluate how these unique zoning districts could be replaced with more widely used zoning districts so that the City can better support property owners' needs over time.



Winter 2025 Proposals

We are continuing work to expand housing choices and make Madison more affordable for all the people who make this city an amazing place to live and work.

The latest proposals outlined on this page were introduced at the October 28, 2025, Common Council meeting before being referred to relevant boards, committees and commissions.

A public meeting on these proposals was held virtually on November 5, 2025. If you were unable to attend, a video recording of that informational meeting is available below.

Adjust Transit-Oriented Development (TOD) areas to encourage more housing development and fewer auto-centric uses



The City of Madison created the Transit-Oriented Development (TOD) overlay zoning district in 2023 to encourage more housing and transit-supportive development along Madison's highest frequency transit corridors. The TOD areas were envisioned as ideal locations to increase mixed use development, including housing, due to the easy access to public transit -- meaning not everyone needed access to a car to get to work, school, or events across the city. To better support future growth within the TOD overlay, this proposal includes changes to allow more housing, further restrict some auto-centric uses, and change the zoning district of a small number of properties as identified in city plans as detailed below.

Proposal Details

This proposal makes the following changes to the TOD overlay district requirements:

- Allow a 4-home structure to be built within all residential areas in the TOD overlay. For some areas, this would be an increase from allowing a 2-home structure to a 4-home structure.
- Ensure that businesses incorporating a drive-through window don't default to a primarily auto-centric design. This proposal would only allow drive-throughs in the TOD overlay if incorporated into a larger building – specifically a 3-story building that covers at least 60% of the lot.
- Prohibit the creation of new car washes, auto sales and rental businesses, and **standalone** private surface parking lot facilities within the TOD overlay district. Surface parking lots that are not the principal use of the property, like a parking lot for a business or a residential development, would still be allowed.
- Change the zoning district for a small number of properties within the TOD overlay to be more consistent with adopted future land use recommendations for those sites.

Why is this being proposed?

The TOD overlay represents just 17% of the total area of the city, and the vision for the TOD overlay and recently-adopted Area Plans is to make better use of the land around Bus Rapid Transit and other high-frequency transit routes. The City created the TOD overlay district in hopes that it would lead to more transit-supportive development along those corridors.

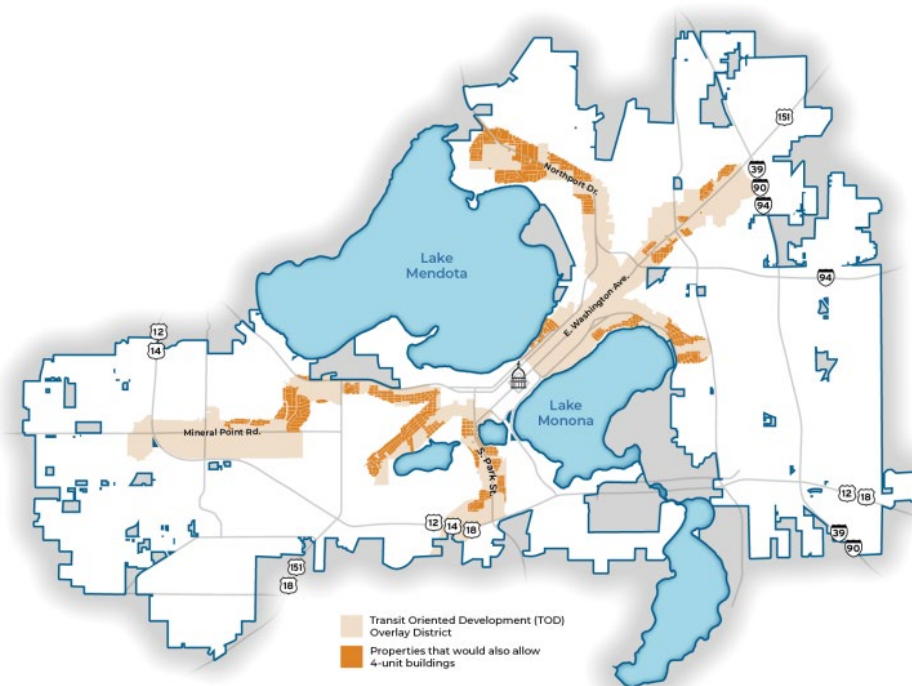
Imagine Madison, the City's Comprehensive Plan, guides city policies and investments that support neighborhoods where residents have access to transportation options and resources needed for daily living.

Housing Forward also aims to increase housing choice, including by supporting more small-scale, “missing middle” housing types. The proposed change to allow four-unit buildings in residential areas within the TOD overlay where they have not already been allowed is intended to support these goals and allow additional housing choices in neighborhoods within reasonable walking distance of transit service.

About 40% of new homes built in Madison since this ordinance was adopted have occurred within the TOD overlay, but some types of auto-centric land uses, like car washes and drive-through businesses, have also become more prevalent along these major thoroughfares. While those types of businesses have a place in Madison, they do not benefit from and contribute as directly to their proximity to high-frequency transit. The proposed changes ensure drive-throughs are placed within a broader structure more aligned with the TOD overlay's intent and disallow some other auto-centric uses.

The [Comprehensive Plan\(external\)](#), and [recently adopted sub area plans](#), also recommend locations where a change to a zoning district can better support the implementation of the plan’s recommendations.

What would this look like?



Areas in the light orange in the map represent the TOD overlay. The properties highlighted in darker orange within that area that would be newly eligible for up to four-unit buildings under this proposal.

Four-Unit Buildings

A building constructed under this provision could look like a row of townhomes, a triplex, or a 4-plex apartment building. It is important to remember that any redevelopment decision is up to private property owners, and a large-scale redevelopment of these areas is not anticipated at this time. Other mixed use, residential, and commercial areas within the TOD overlay already allow four-unit buildings or greater, either as a standalone building or as part of a mixed-use development.

Commercial Uses

Changes to requirements for drive-throughs, and the prohibition on certain auto-centric uses would apply to all properties within the TOD Overlay zone, as shown in the map. Drive-through businesses provide access to services for many people, but a more urban approach to the development of these spaces would allow people to get their medications or morning coffee without limiting that land to auto-oriented use. We already have several examples across Madison of how this can work with great success.

Zoning Map Changes

There are four areas proposed for rezoning to align with already-adopted plans so that, if and when redevelopment of these sites occurs, it supports the future land uses indicated in those plans and in a transit-supportive way.

Allow the creation of Cottage Court developments

This proposal would adjust the City's zoning code to make it easier to create "Cottage Courts," a collection of smaller, and therefore potentially more affordable, homes on a single zoning lot.

Proposal Details

This proposal creates a new use in the City's Zoning Code, defining a Cottage Court as a group of eight or fewer detached single-family homes on a single zoning lot with common management and/or access to the site. Homes in a Cottage Court could be condominiums, homes on their own individual lots, or on a single lot with a single owner. Cottage Courts would be allowed in all residential zoning districts, other than the highest-density residential districts of TR-U1 and TR-U2.

In creating a new use, this proposal also lays out the requirements of a Cottage Court, including parking standards, setback and building separation requirements, and building form and site design.

Specifically, the proposal includes the following standards for Cottage Courts:

- **Off-Street Parking:** There will be no off-street parking minimum requirements for Cottage Courts, and maximum of two automobile parking spaces per dwelling. If the Cottage Court is within the TOD overlay district, there will be a maximum of 1.5 automobile parking spaces per dwelling.
- **Other Parking Regulations:** If vehicle parking is provided, a single, shared parking area will be required for all vehicles, rather than individual driveways or garages at each cottage.
- **Lot Sizes:** Cottage Courts need to be located on a single overall zoning lot that is 10,000 square feet to 1 acre in size. The zoning lot needs to meet the same lot width and lot coverage requirements of single-family lots within any zoning district.
- **Permitted and Prohibited Uses:** Up to eight detached homes will be allowed on the overall zoning lot, including any pre-existing single-family homes.
- **Accessory Dwelling Units (ADUs):** ADUs are not allowed within a Cottage Court lot.
- **Setbacks:** Front, side and rear setbacks and yard requirements only apply to the perimeter of the Cottage Court lot, and each home within a Cottage Court must be at least 6 feet from neighboring homes.
- **Building and Site Design:** The footprint of each individual home in a Cottage Court cannot be bigger than 1,000 square feet, which is the same size as an ADU. Homes must face either a public street or the shared internal courtyard.
- **Courtyards:** A Cottage Court must have a single courtyard at least 20 feet by 20 feet in size to be used as shared pedestrian access or open space. The courtyard cannot include automobile parking or buildings.

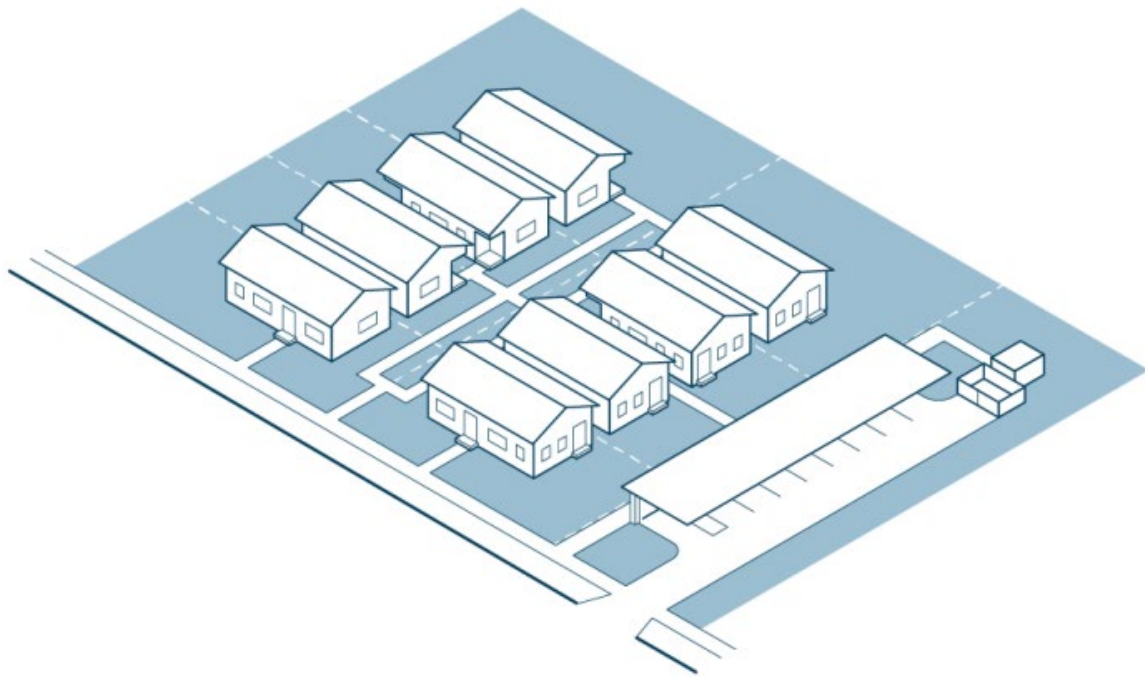
Why is this being proposed?

Allowing for Cottage Courts is another way to promote additional housing options, including options for homeownership, in already developed neighborhoods. Specifically, Cottage Courts are an example of “missing middle” housing types that can fit into neighborhoods with a diversity of housing choices.

The specifications for Cottage Courts ensure smaller homes on smaller lots, which have the potential to be more affordable than most homes for sale in Madison today. These homes in Cottage Courts could be great options for first-time homebuyers, older adults wishing to downsize, and other households who want to own their own home and property but live in close community with others.

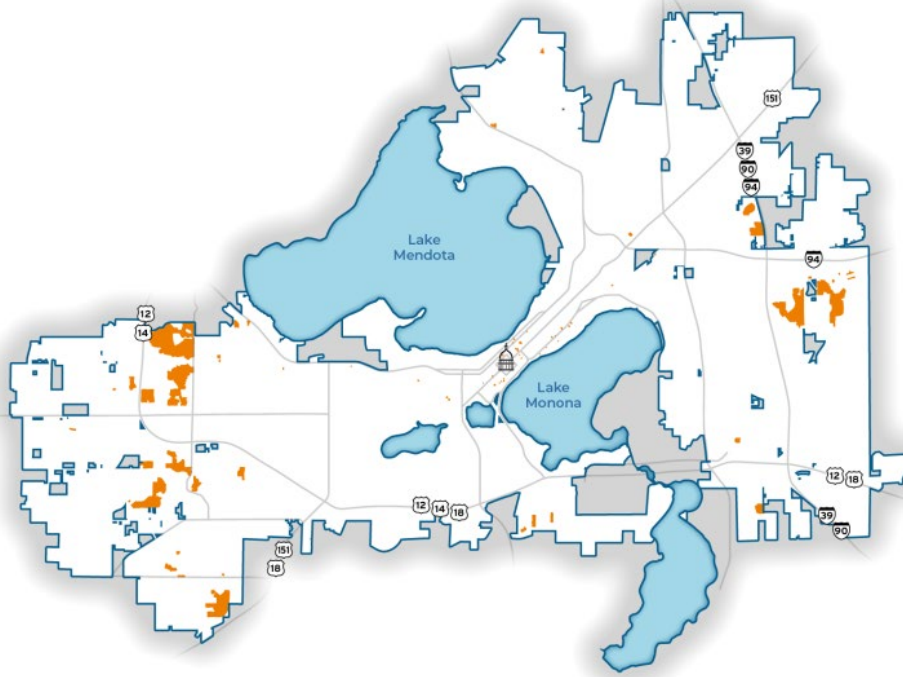
What would this look like?

This example shows a Cottage Court with eight (8) individual homes arranged around a central courtyard. As shown, the homes closest to the street have street-facing entrances, while others face the courtyard. A separate shared space includes surface parking, a trash enclosure, and a small shed.



Example of a potential Cottage Court arrangement with a shared parking and garbage area. Dashed lines indicate lot lines.

What's Next



City staff is continuing to explore the possibility of updating the zoning district for some “planned development” neighborhoods across Madison. Dating back several decades, some single- and two-family neighborhoods were developed under site-specific zoning codes unique to each neighborhood.

These districts remain unchanged while the city other development codes have been updated over time. This has made it harder for property owners and the City to navigate what can be done on a property, and in some cases has caused unfair hurdles to relatively straightforward property improvements. This potential future code change would evaluate how these unique zoning districts could be replaced with more widely used zoning districts so that the City can better support property owners’ needs over time.

CITY OF **MADISON**

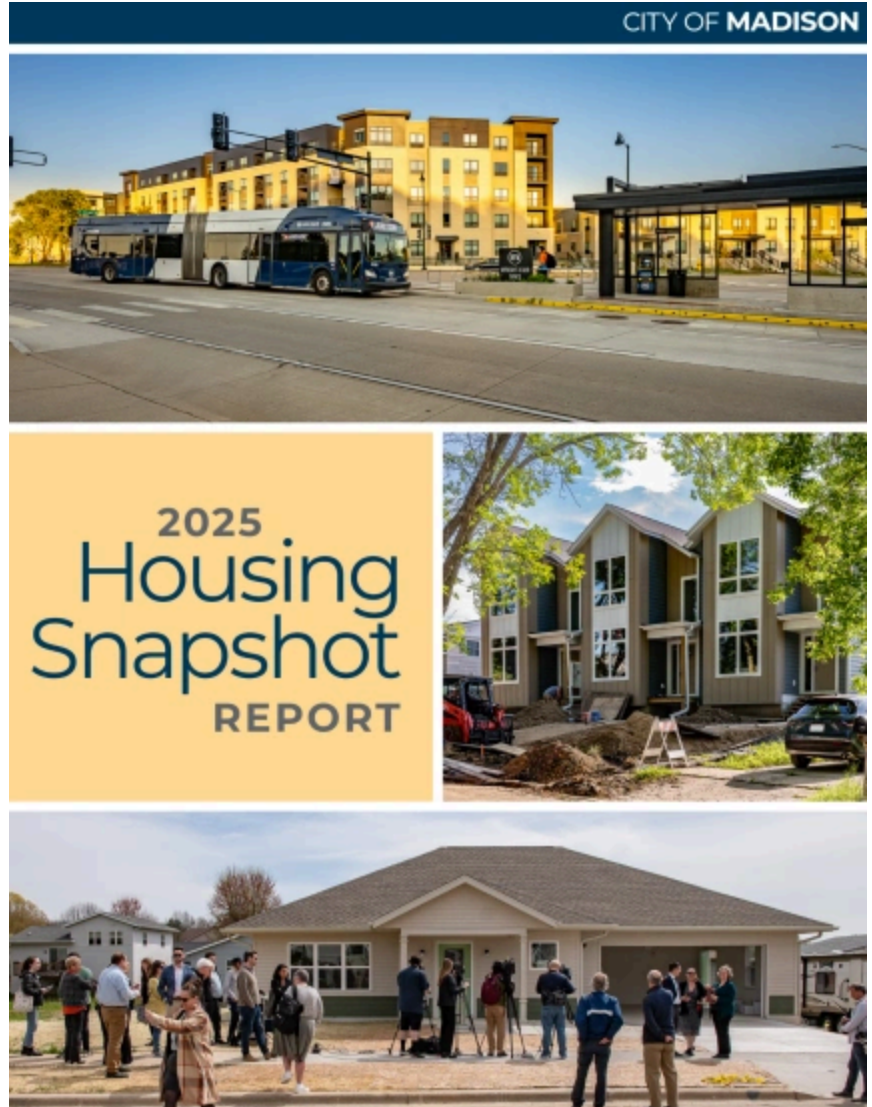
2025 Housing Snapshot Report

The [2025 Housing Snapshot](#) PDF tracks and compares metrics to lead to a clearer understanding of the City of Madison's housing needs and to gauge progress that City programs, community partners, and housing developers are making over time to improve housing choice. We use a mix of economic, demographic, and housing data from public and private sources to help describe Madison's housing situation.

Building on data updates from the [2023 Housing Snapshot](#) PDF, this report is reorganized and includes new metrics and data visualizations responsive to 2025 input from the City's Housing Policy Committee, including a new set of "[Example Households](#)" to convey more about who lives here in Madison to a broad audience.

Many takeaways echo the *2023 Housing Snapshot*, and both reports continue to inform housing policies and programs. While housing production has increased, growth in housing demand still outpaces new supply and land and construction costs continue to increase rapidly, resulting in continued competition and fewer housing choices, particularly for low-income households.

Here are some *2025 Housing Snapshot* highlights:





New Housing Construction

- Over 22,400 homes (of all types) were completed in Madison between 2015–2024, representing a 20% increase in the city's total number of homes. Roughly 45% of these homes have been built close to high-frequency transit service.



Rental Housing Market

- At time of publication, the City's stabilized rental vacancy rate has risen to 4.8%, approaching a healthy level (typically 5%–7%). The lowest vacancy rates (indicating highest competition) are seen in lower quality, lower cost rental housing.
- Roughly $\frac{3}{4}$ of renter-households making over the median income rent housing that would be affordable to low- and moderate-income households, reducing housing choices for these households.
- Household incomes are diverging more than rent costs, meaning higher-income households have more choices and lower-income households have fewer choices than they did a decade ago.
- Of the estimated 17,105 households who are either very low-income renters or experiencing homelessness, roughly 1 in 3 are cost-burdened non-student households with a lack of subsidized or otherwise affordable housing.
- Significant racial and ethnic disparities in rental housing affordability persist, though over the last decade, the rent affordable to a median-income Hispanic or Latino household has risen from below median rent to \$200 above median rent, indicating a potential increase in housing choice.



Attendees of the August 2025 groundbreaking at the CDA Triangle examine a 3D printed model of the proposed Triangle redevelopment (scheduled for completion in 2035).



Homeownership Market

- The vacancy rate for owner-occupied housing decreased over the last decade, with the latest available estimate at 0.6% (2023). Indicators tracked monthly by private real estate sources show further tightening in the market over the past decade.
- 60% of Madison homeowners live in homes that would be affordable to those in a lower income bracket.
- About $\frac{3}{4}$ of low-income homeowners (those with incomes below half the median income) are “housing cost-burdened”, which means they pay more than 30% of their income on housing.
- Homeownership costs are rising faster than incomes, and with the compounding factor of recent high interest rates, it is increasingly difficult to become a first-time home buyer.
- From 2015–2023, the number of households headed by persons under age 35 increased by approximately 9,500, yet the number of homeowners in this age range increased by only ~124.
- Rising homeownership rates among Black and Hispanic/Latino households in Madison are promising, yet racial disparities in homeownership are still unacceptable. Only 1 in 5 Black households own homes, while half of White households own homes.



Housing Cost Burden

- Nearly half of all Black households and 30% of White households are housing cost burdened, paying over 30% of their incomes on housing costs.



With financial support and land donation from the City, Eminent Development Corporation is building this 44-unit mixed use building on South Park Street with a subset of rental homes reserved for youth that are aging out of the foster care system.



Housing, Construction, & Inflation Cost Growth

- Costs of land and construction in the Madison area continue to rise quicker than the Consumer Price Index, which will likely continue to pull housing costs up.



Impact of City Funding on Housing Supply

- The City has provided nearly \$47 million in financial support to 2,285 (10%) of the homes completed from 2015–2024. Of those, $\frac{3}{4}$ preserve long-term affordability for households making less than 60% AMI, and most are located close to Bus Rapid Transit or other frequent transit routes.



Individuals Experiencing Homelessness

- Based on consistent “point-in-time” counts, the number of people facing homelessness in 2025 was near 800, very close to that of 2015. The number of single adults has increased significantly over the past decade.



These townhomes under construction on Ellis Potter Court off of Schroeder Road will house families, but are part of a larger affordable housing development by Horizon Development Group and JW Realty Investments with financial support from the City. The development will include homes reserved for families, older adults, veterans, people with disabilities, and people who have recently experienced homelessness.



Tenure Transition in 1-Unit Structures

- Citywide, the percentage of single-unit homes that are owner-occupied has remained steady at 91–92% since 2021. Neighborhoods are not experiencing trends where a large number of owner-occupied homes are shifting to rental homes.
- We see on Madison’s far east side dozens of newly constructed single-unit homes intended as rental homes, indicating that with limited supply of new homes for purchase, many seek to rent them.

City leaders and policymakers strive to use tools and data-supported evidence to support more housing choices for Madisonians, especially those with few housing opportunities. Evident in the City’s [Housing Forward](#) initiatives, it takes policy change, financial support to housing developers and individual households, and city-led development examples to work together to impact Madison’s tight housing market. City staff will continue to monitor available data over time to gauge Madison’s progress toward more housing choices and a more equitable housing landscape.

The Department of Planning, Community & Economic Development is providing the 2025 Housing Snapshot both in the traditional PDF format and a web-based version. You can navigate the web version using the Chapter links on this page or download the PDF to your own device.

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