



Housing Affordability Report

City of Middleton, WI

2025

AS REQUIRED UNDER SECTION 66.10013 OF THE WISCONSIN STATUTES

Prepared by Scott Heacock, Associate Planner
March 9, 2026

Background

This report is written to satisfy the requirements as outlined in Section 66.10013 of the Wisconsin Statutes and is posted on the [City's website](#). The report contains all of the following required elements:

- The number of subdivision plats, certified survey maps, condominium plats, and building permit applications approved in the prior year.
- The total number of new residential dwelling units proposed in all subdivision plats, certified survey maps, condominium plats, and building permit applications that were approved by the municipality in the prior year.
- A list and map of undeveloped parcels in the municipality that are zoned for residential development.
- A list of all undeveloped parcels in the municipality that are suitable for, but not zoned for, residential development, including vacant sites and sites that have potential for redevelopment, and a description of the zoning requirements and availability of public facilities and services for each property.
- An analysis of the municipality's residential development regulations, such as land use controls, site improvement requirements, fees and land dedication requirements, and permit procedures. The analysis shall calculate the financial impact that each regulation has on the cost of each new subdivision. The analysis shall identify ways in which the municipality can modify its construction and development regulations, lot sizes, approval processes, and related fees to do each of the following:
 - Meet existing and forecasted housing demand.
 - Reduce the time and cost necessary to approve and develop a new residential subdivision in the municipality by 20 percent.

Section 1: Number of Approvals in the Prior Year (Plats, CSMs, Building Permits)

Table 1.A provides an overview of all Subdivision, CSM, Condo Plat, and Building Permits approved in 2025. This provides a high-level view of development activity in the City.

Table 1.B provides a more detailed view of total units permitted between 2020-2025. This table includes multi-family, single-family, and two-family units. Additionally, the table includes the total affordable units permitted during this time period. In this report, “affordable units” refers to the Regional Housing Strategy’s definition of units that have a legal-restriction that sets the maximum rent based on the tenant’s income, up to a maximum of 60% Area Median Income.

Table 1.C provides detail on the multi-family housing developments that have been permitted from 2020-2025, and the associated number of market-rate/affordable units in each development. These two tables form the basis of Section 4’s analysis of how well the City is doing at meeting the supply needs as projected by the Regional Housing Strategy.

Table 1.A: Subdivision, CSM, Condo Plats, and Building Permit Applications, 2025

| | 2025 |
|-------------------------------------|-------|
| Subdivisions Plats and CSM’s | 6 |
| Condominium Plats | 0 |
| Building Permit Applications | 2,305 |

Table 1.B: Units Permitted, 2020-2025

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Average |
|--|------|------|------|------|------|------|---------|
| Multi-Family Homes (units) | 514 | 115 | 366 | 52 | 349 | 267 | 277 |
| Single-Family Homes | 25 | 14 | 4 | 9 | 70 | 59 | 30 |
| Two-Family Homes (units) | 0 | 0 | 0 | 6 | 24 | 24 | 9 |
| Total Units (annual) | 539 | 129 | 370 | 67 | 443 | 350 | 316 |
| Total Affordable Units (annual) | 134 | 0 | 116 | 30 | 0 | 0 | 47 |

Table 1.C: Multi-Family Permits Issued, 2020-2025

| Year Permit Issued | Address | Total Units | Affordable* Units |
|--|---------------------------|--------------------|--------------------------|
| 2025 | 6300 University Ave | 133 | 0 |
| 2025 | 2152 Middleton Beach Road | 31 | 0 |
| 2025 | 2164 Middleton Beach Road | 31 | 0 |
| 2025 | 6140 Century Ave | 161 | 0 |
| 2025 | 2425 Parmenter St | 44 | 0 |
| 2024 | 8309 Greenway Blvd | 244 | 0 |
| 2024 | 4411 High Road | 105 | 0 |
| 2023 | 6908 Century Ave | 52 | 30 |
| 2022 | 3815 Tribeca Dr | 76 | 62 |
| 2022 | 6100 Lake St | 65 | 0 |
| 2022 | 3809 Tribeca Dr | 55 | 54 |
| 2022 | 1312 John Q Hammons Dr | 170 | 0 |
| 2021 | 6230 University Ave | 79 | 0 |
| 2021 | 2644 Branch St | 36 | 0 |
| 2020 | 3001 Parmenter St | 126 | 95 |
| 2020 | 2892 Pleasant View Rd | 16 | 0 |
| 2020 | 7600 Terrace Ave | 30 | 0 |
| 2020 | 1800 Parmenter St | 35 | 0 |
| 2020 | 2411 Parmenter St | 5 | 0 |
| 2020 | 7622 Lisa Lane | 263 | 0 |
| 2020 | 6818 University Ave | 39 | 39 |
| *Legally-restricted affordable housing units available to households at or below 60% AMI | | | |

Section 2: Residential Development Potential

Map 2.A shows undeveloped parcels in the City of Middleton that are zoned for residential development. A majority of the land in this category is within active developments that have received entitlement approval and are in the process of being built out. This includes the Community of Bishops Bay, Redtail Ridge, Pheasant Crossing, and Belle Farms subdivisions. This report does not analyze those areas outside of the City of Middleton currently under extraterritorial zoning in the Joint Planning Area with the Town of Westport.

In addition to greenfield development on the outskirts of the City, there are opportunities for infill development. Land availability for individual parcels varies based on factors including: zoning, future land use, financial feasibility, ability to combine parcels to meet minimum lot requirements, access to utilities, and more. The City of Middleton's Comprehensive Plan's Future Land Use Map provides overarching guidance for the entire City. The following areas are identified on the Future Land Use map as potential areas for infill mixed-use or multi-family development, as shown on Map 2.B.

University Avenue Corridor

This is the most recently updated area plan in the City. It provides guidance for the future development of the University Avenue Corridor between Parmenter Street and Allen Boulevard. The plan was updated in 2022 and [can be viewed here](#).

Parmenter Corridor

The area generally bounded by Parmenter Street, Hwy 12, Graber Road, and Discovery Drive is identified as "Urban Mixed Use". The last area plan for this corridor was adopted in 2008.

Allen/Century Corridor

The area near this intersection includes areas identified as "Avenue Mixed Use" and "Multi-Family Residential". The last area plan for this corridor was completed in 2007.

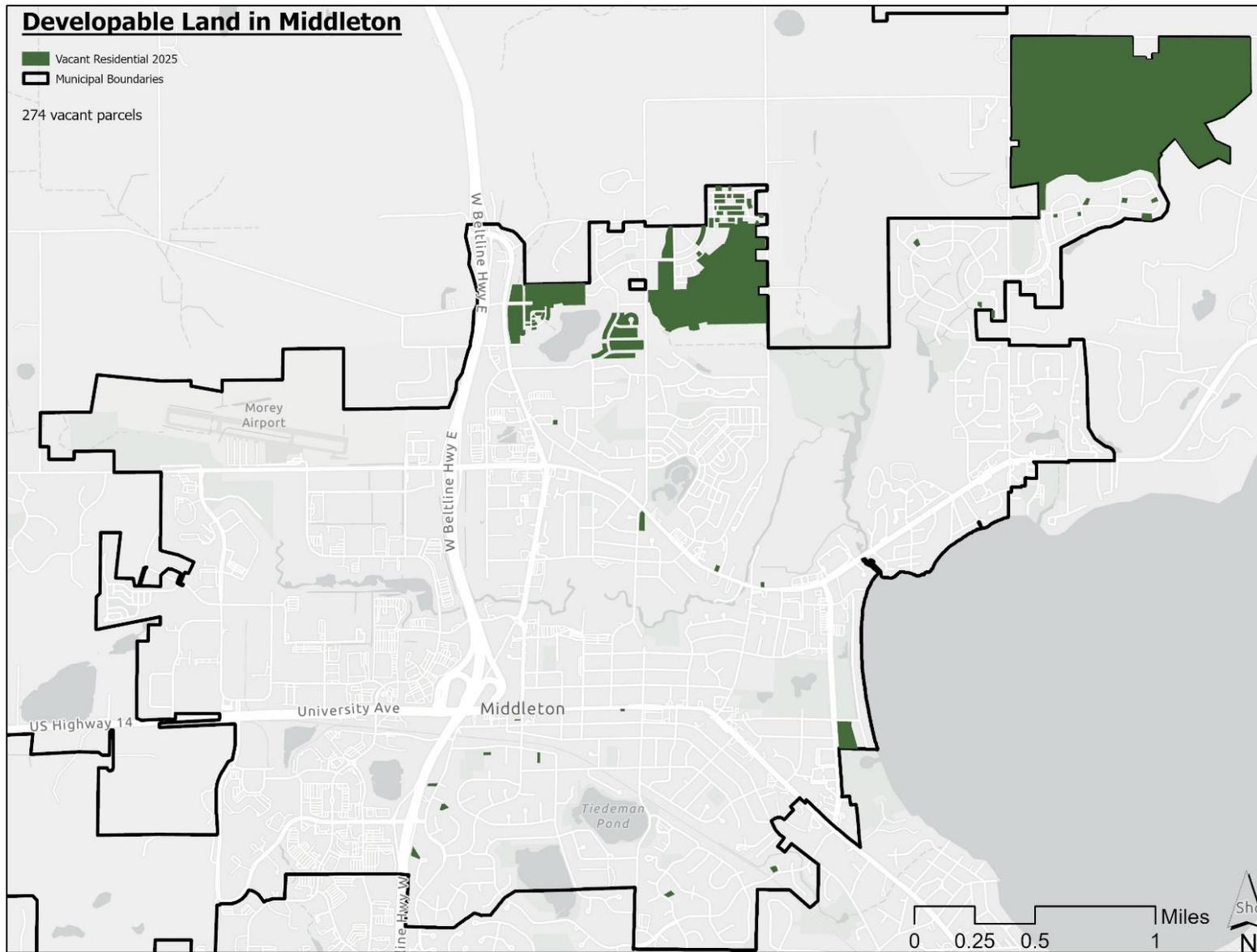
Southwest Quadrant

The area generally bounded by University Avenue, Hwy 12, and the far southern and western borders of the City are identified as "Urban Mixed-Use" and "Multi-Family Residential". This area is not within any adopted area plan, but is mentioned as part of the "Urban Greenway Area Study" planned as part of TID #3 in 2016.

Downtown Middleton

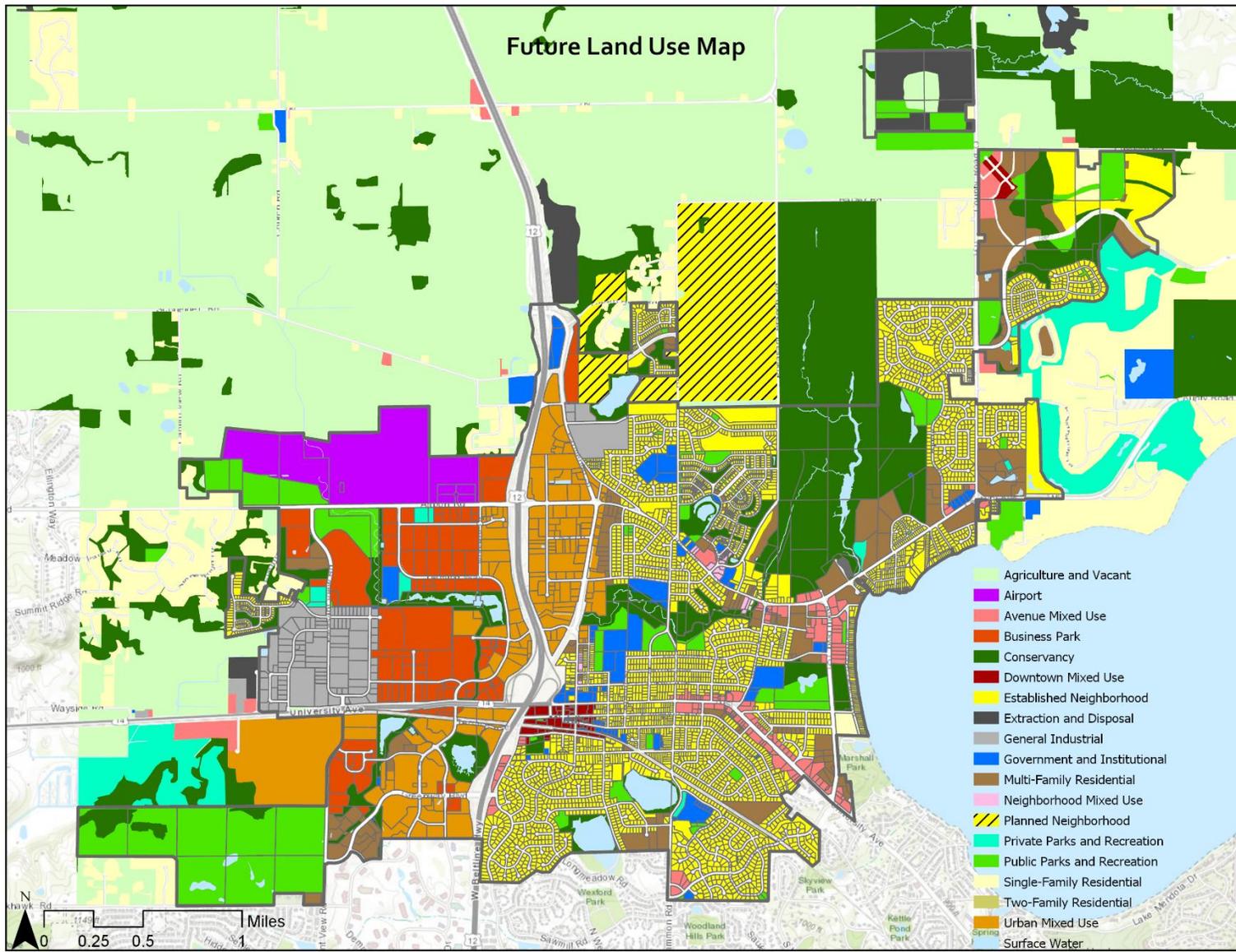
The area generally bounded by University Avenue, Hwy 12, Terrace Ave, and Middleton Street. This area does not have an adopted area plan.

Map 2.A: Vacant Developable Land in Middleton



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Map 2.B: Future Land Use Map



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Section 3: City of Middleton Regulatory Requirements

Section 3.A- Residential Development Regulations

There are many opportunities within the City for infill development. Suitability for development depends of site-specific factors. The following resources are available to understand City regulations as they pertain to developability of sites within the city:

- [Comprehensive Plan](#): Includes a Future Land Use map (updated 11/13/2023) that identifies the future land uses for every parcel in the City. Parcels that are not currently zoned residential, but are identified as residential or mixed-use on the future land use map, are considered suitable for residential or mixed-use development.
- [Zoning Ordinance](#): Chapter 10 of the City’s Code of Ordinances contains the Zoning Regulations. This chapter was updated in 2024 to provide more predictable and streamlined standards for new development throughout the City.
 - This report does not offer any legal interpretation of the applicability of the zoning ordinance to any parcel in the city. The zoning ordinance is a legally binding ordinance which governs development on any parcel. Please contact the Planning Department at planning@cityofmiddleton.us for questions about regulations and zoning requirements for specific parcels.
- [Zoning Map](#) The zoning district for each property can be found on this map.
 - Districts zoned “PUD” have customized zoning requirements as approved by the Plan Commission and City. Please contact the Planning Department at planning@cityofmiddleton.us for any questions about specific PUD requirements.
- [Land Division and Subdivision Regulations](#) Chapter 19 of the City’s Code of Ordinances contains the Land Division and Subdivision Regulations, which also includes preliminary and final plat approval procedures, as well as CSM (certified survey map or “minor subdivision”) procedures. The City is in the process of updating Chapter 19 to simplify procedures and reflect recent updates to the zoning code. The subdivision code update is expected to be complete by June 2026.

Section 3.B: Private Law Residential Development Regulations

Nearly all single-family residential neighborhoods in the city have recorded covenants and restrictions as part of the neighborhood plat which limits development to single-family detached houses. In some cases, minimum lot areas and set-back requirements in the recorded covenants exceed city zoning standards. Many recorded covenants would prohibit construction of accessory apartment units or 2- or 3-family buildings on single-family parcels. The City does not monitor or enforce these private covenants, but they are important for understanding the allowed uses for properties in predominately single-family neighborhoods within the City.

Section 3.C: Availability of Public Facilities and Services

Availability of public facilities/services for individual properties can be obtained by contacting the Public Works Department at: (608) 821-8370

Section 3.D: TIF Policy

The City has two active tax increment districts (TID), TID #3 and TID #5. TID #3 will close in April 2026, and TID #5 is expected to close in 2036. More information on TIF project plans and district boundaries [can be found here](#). More information on the City's TIF Policy to determine project eligibility for TIF incentives [can be found here](#).

Section 3.E: Development Fees

The Madison Area Builders Association (MABA) completed a study of development fees charged by Dane County communities. The 2025 report [can be found here](#). The report included a holistic look at engineering, building permit, planning, park, and other impact fees that are charged to developers. The report showed that Middleton has lower average impact fees than comparable communities. Please note that Middleton has changed a few fees that are not reflected in this report. Specifically, the City no longer charges impact fees for law enforcement, fire, or EMS facilities. The City has also begun using third-party engineering reviews for submitted plans. The cost for these reviews is passed along to the developer. Although this is an additional cost, the City has received feedback from developers that the sped-up process from the third-party reviews has saved on overall costs for developing in Middleton. A detailed description of fees related to land use controls, site improvement requirements, fees and land dedication requirements, and permit costs can be found in the Middleton Ordinances, [Appendix A: Fee Schedule](#)

Lastly, Table 3.E shows how Middleton's Parkland Dedication, Fee-In Lieu of Parkland, and Park Improvement fees compare to other communities. This analysis shows that Middleton's fees are lower than average for comparable communities.

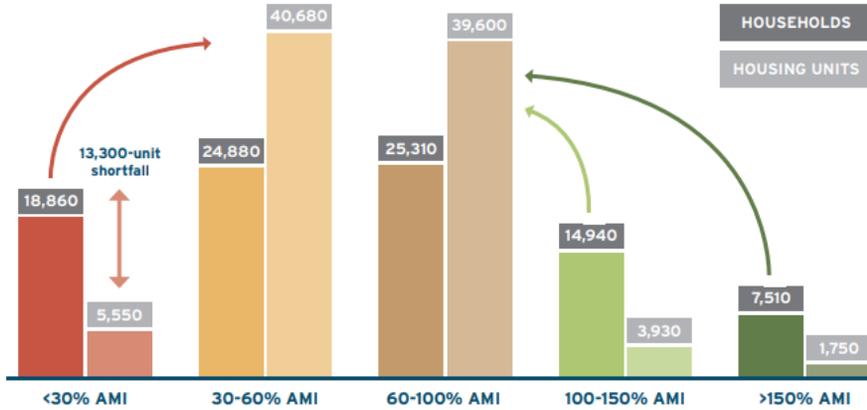
Table 3.E- Comparable Communities Park Fee Analysis - 2025

| | | Average | Middleton | Fitchburg | Madison | Sun Prairie | Verona | Waunakee |
|------------------------------------|----------------|---------|-----------|-----------|---------|-------------|---------|------------------|
| Park Improvement Fee | Single Family | \$1,637 | \$1,244 | \$670 | \$2,045 | \$1,682 | \$960 | \$2,827 |
| | Multi-Family | \$1,161 | \$895 | \$335 | \$1,388 | \$1,682 | \$480 | \$1,922 |
| | Group Quarters | \$772 | N/A | \$160 | \$776 | \$1,682 | \$300 | \$942 |
| Fee In Lieu Of Parkland Dedication | Single Family | \$3,192 | \$2,901 | \$4,330 | \$5,124 | \$2,078 | \$2,450 | \$1,977 |
| | Multi-Family | \$2,581 | \$2,089 | \$4,330 | \$3,479 | \$2,078 | \$1,700 | \$1,318 |
| | Group Quarters | \$1,943 | N/A | N/A | \$1,943 | N/A | N/A | N/A |
| Parkland Dedication (Square Feet) | Single Family | 1,651 | 1,450 | 2,900 | 1,081 | 823 | 1,800 | 10% of land area |
| | Multi-Family | 1,427 | 1,450 | 2,900 | 734 | 823 | 1,250 | 10% of land area |
| | Group Quarters | 410 | N/A | N/A | 410 | N/A | N/A | 10% of land area |

Section 4: Meeting Existing and Forecasted Housing Demand

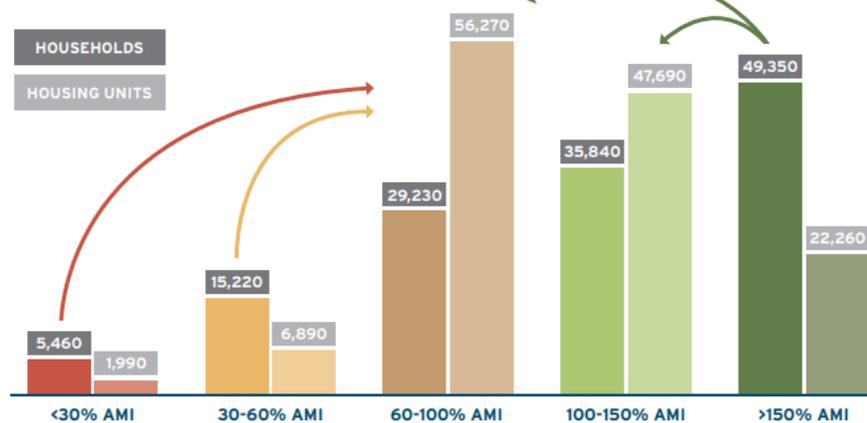
THE "BIG SQUEEZE"

Renter Housing Supply Gap, 2020



Source: HUD (FYs 2016-2020), ACS 5-Year Estimates (2016-2020), SB Friedman

Owner Housing Supply Gap, 2020



Source: HUD (FYs 2016-2020), ACS 5-Year Estimates (2016-2020), SB Friedman

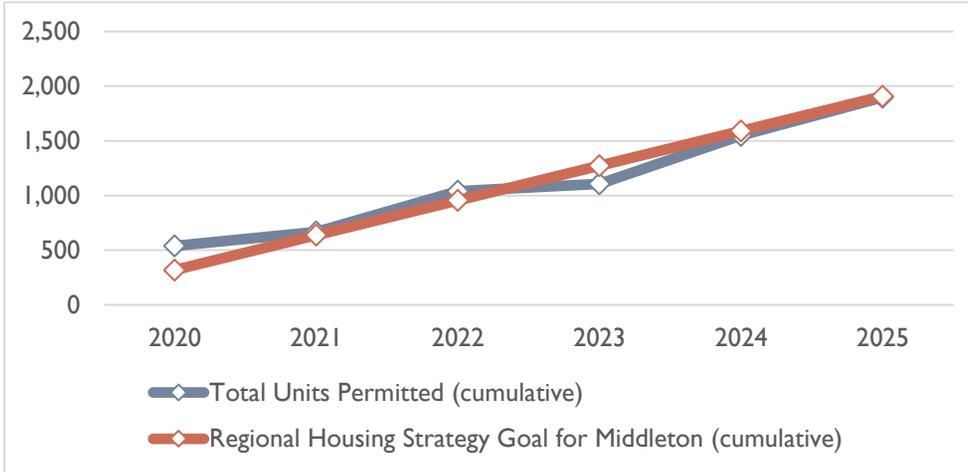
The [Dane County Regional Housing Strategy \(RHS\)](#) was developed in response to Dane County's housing crisis. Over 12 months, an 80-person advisory committee came together for strategic planning. Participants included 17 municipalities; residents; local elected officials including 4 mayors, city council and village board members and Dane County supervisors; state representatives; developers; realtors; local government staff; non-profit housing; social workers, and banks. The result of this effort was an action-oriented data-driven plan for how each stakeholder can contribute to addressing this regional problem.

The RHS found that there is a shortage in both the affordable and high-end portions of the region's housing market. Dubbed the "Big Squeeze", this shortage of housing units means that the lowest-income and the highest income households are both competing for units that are affordable to households earning 30%-100% AMI. As seen in Figure 2, the shortage of both affordable and luxury units drives up housing costs for middle-class households.

This regional data reflects local trends in Middleton. According to the most recent Census Data, 35% of renters and 29% of homeowners in Middleton are considered "cost-burdened". (Source: U.S Census, 2023 ACS)

A "cost-burdened" household spends more than 30% of its gross income on housing costs

Total Housing Units Permitted in Middleton – 2020-2025



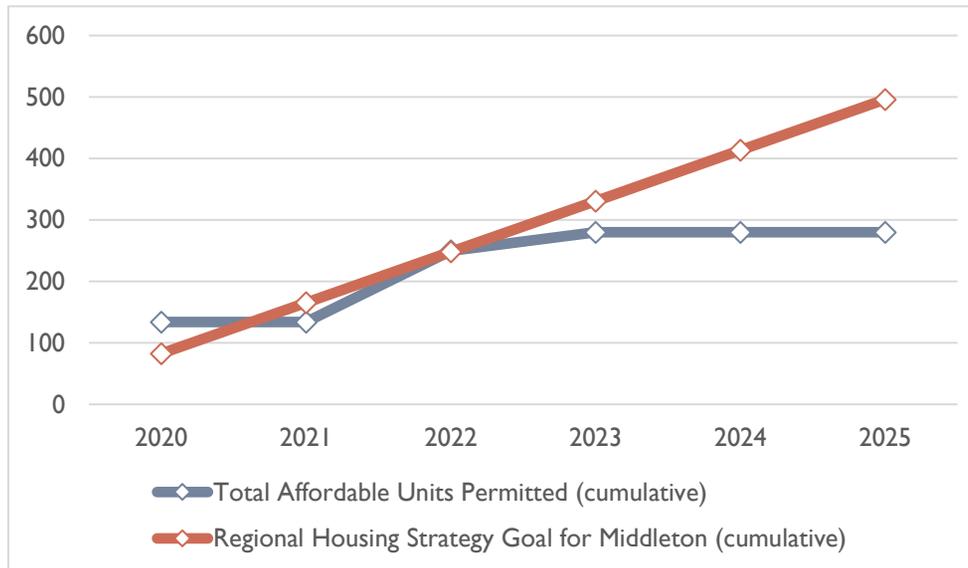
According to the Regional Housing Strategy, Middleton needs to add 6,360 total units by 2040 (i.e. 318 units per year, 2020-2040) to meet projected demand and address the current undersupply of housing.

The RHS also advises that 26% of new units should be affordable (Defined as units that have a legal-restriction that sets the maximum rent based on the tenant’s income, up to a maximum of 60% Area Median Income). In Middleton, that would amount to approximately 1,654 total legally-restricted affordable units by 2040 (i.e. 83 new affordable rental units per year, 2020-2040).

Based on recent permitting data, the City of Middleton is on pace to hit its goals for total overall units. However, the City is falling behind on goals for new affordable units permitted.

The City extended TID #3 to establish an Affordable Housing Fund, with funds becoming available with the closure of TID #3 in April 2026. Eligible expenses for the fund will be determined by the Housing Action Plan, expected to be adopted in April 2026. The plan is expected to include a revolving loan fund targeted at addressing the shortage of affordable units permitted in Middleton.

Total Affordable Housing Units Permitted in Middleton– 2020-2025



Section 5: Reducing Time and Cost for Development

REGULATORY

Updated the [Zoning Ordinance](#) in 2024 to:

- Allow Mixed-Use Districts: Established mixed-use districts along major travel corridors, which allow multi-family by right and only require ground floor commercial at intersections.
- Increase Density: Reduced setbacks and lot sizes, permitted accessory dwelling units by right, no limits on density within districts as long as setbacks and impervious standards are met.
- Encourage “Missing Middle” Housing: Created a high-density single-family classification, a zero lot-line multi-family district, and a mixed-use neighborhood district.
- Reduce Parking: Reduced parking minimums and established parking maximums.
- Streamline Process: Reduced reliance on Planned Unit Development zoning (PUD) to reduce timeline from concept to construction.

INCENTIVES

- The City has provided over \$11 million in TIF-assistance to incentivize more than 350 units of affordable and income-restricted housing.
- The City has provided \$3 million in a pass-through grant to incentivize 30 units of affordable housing.
- The City has waived nearly \$250,000 in impact fees to reduce construction costs for affordable housing units.
- The Zoning Ordinance allows a height bonus of one additional story for affordable housing, in commercial districts.

OTHER INITIATIVES

- Acquired land and through a request for proposals process and selected developers to build housing on the properties. Resulted in 10 units of single-family units (including 1 Habitat for Humanity home), 5 zero lot-line townhomes, and 128 units of multi-family housing.
- Administered a down payment assistance program that provided loans to 18 households with incomes between 40-80% of Dane County’s median income.
- Shortened timeline for engineering development reviews by utilizing third-party contractors.
- Regular meetings with developers to share City updates, keep open lines of communication, and identify process improvements to facilitate new development.

Regulatory Cost Savings Analysis

The exact cost and time savings from individual regulations is very context specific and difficult to quantify. The most straightforward change made during the Zoning Code update is the creation of single-family districts that allow a smaller-lot size than the previous code. This change has allowed new subdivisions to include smaller-lot houses that bring down overall costs. The Redtail Ridge and Pheasant Crossing neighborhoods, both currently under development, are utilizing the increased flexibility provided by these new zoning districts.

Table 5.1 analyzes the estimated cost reductions attributable to that change. The former zoning code's densest single-family district was R-1, with a 7,200 ft² minimum lot size. The new zoning code's residential districts allows the option for a 5,000 ft² lot size (SR-M) and a 3,000 ft² lot size (SR-H). The estimate of per-square foot land costs was based on the average assessed value per square foot of single-family lots in the city, and the construction cost data is from a 2024 study commissioned by the National Association of Homebuilders. This analysis shows that reducing lot requirements reduces housing costs from between 16% - 31%. Actual costs vary based on site-specific conditions, level of finishes, and current market trends, but this example illustrates the significant impact lot size plays in reducing overall housing costs.

Table 5.1- Estimated Housing Cost Reduction- Reduced Lot Size Requirements

| | Old Zoning Code (R-1) | New Zoning Code (SR-M) | New Zoning Code (SR-H) |
|--|-----------------------|------------------------|------------------------|
| Inputs | | | |
| Finished Lot Size (sq. ft) | 7,200 | 5,000 | 3,000 |
| Finished House Size (sq. ft.) | 2,000 | 1,800 | 1,600 |
| Overhead/Contractor Profit Percentage | 20% | 20% | 20% |
| Avg Finished Land Value per sq. ft. | \$22.61 | \$22.61 | \$22.61 |
| Avg Sq Ft Costs (National Association of Homebuilders, 2024) | \$162 | \$162 | \$162 |
| Outputs | | | |
| Finished lot value | \$162,810 | \$113,062 | \$67,837 |
| Finished house cost (base cost) | \$324,000 | \$291,600 | \$259,200 |
| Contractor overhead/profit | \$64,800 | \$58,320 | \$51,840 |
| Municipal Impact Fees | \$4,125 | \$4,125 | \$4,125 |
| Results | | | |
| Estimated House Price | \$555,735 | \$467,107 | \$383,002 |
| Estimated Cost Reduction | - | 16% | 31% |