

Framework for the 10,000 HOMES INITIATIVE

Mayor Barrett announced during the 2018 State of the City address that over the next ten years, affordable housing opportunities would be improved for 10,000 households. An inter-departmental team has committed to meet this goal through efforts to:

- Develop new and preserve existing affordable housing units in neighborhoods throughout Milwaukee, including units for rental and owner-occupancy
- Retain and promote homeownership
- Maintain and improve the City's affordable housing stock

BACKGROUND

The foreclosure crisis and the nationwide recession had significant negative impacts on Milwaukee's housing stock and neighborhoods. While bank foreclosures have subsided, City neighborhoods are still experiencing the impacts of several years of record numbers of foreclosure filings and the City continues to be challenged by a significant inventory of tax foreclosed properties.

Over the past several years, both the Administration and Council members have collaborated on a number of successful partnerships and programs to address the impacts of foreclosures, preserve and increase homeownership and quality affordable rental housing, and improve City neighborhoods. Significant new investment has greatly expanded the number of housing units in Milwaukee's downtown neighborhoods. City government has undertaken major planning efforts to ensure that new development and investment in transit directly benefit low and moderate income residents in the neighborhoods surrounding downtown.

While signs of recovery are evident, the City is working to put a plan in place that will help to insure quality affordable housing is available for its residents well into the future.

The 10,000 Homes Initiative is twofold and includes:

- 1) Supporting and strengthening current programs that are effective in achieving the City's housing goals.
- 2) New initiatives that respond to changing conditions in the housing market and opportunities resulting from new investment throughout the city.

BUILDING ON EXISTING EFFORTS

The City is engaged in a number of different housing programs and partnerships to promote affordable housing and homeownership. These include the City's Strong Neighborhood programs, federally funded housing and development programs, the City's Housing Trust Fund, initiatives supported by Tax Increment Financing, and the work of the Housing Authority of the

City of Milwaukee. Other existing efforts that improve housing conditions for low and moderate income residents include lead remediation activities. A complete list of existing efforts is found in Attachment 1.

As the foundation of the 10,000 Homes Initiative, City departments are currently reviewing their programs and partnerships that impact housing, for the purpose of evaluating their effectiveness in addressing City housing goals. The review includes:

- Consideration of the need to adjust or modify programs and guidelines.
- Exploring opportunities to leverage additional resources and/or engage additional partners.
- Evaluating opportunities to build capacity for expansion in existing successful programs.

Examples

- The Strong Homes Loan Program has been an effective tool in assisting homeowners in making essential repairs to their homes. Recently, Associated Bank has agreed to purchase \$1.4 million of the City's Strong Homes Loans portfolio, providing loan capital for the program through 2019.
- The City's Code Compliance Loan Program is currently in the process of modifying its eligibility guidelines to broaden eligibility for low income homeowners.
- Post-sale renovation standards for tax-foreclosed properties are being modified to focus on restoration of essential services.
- DCD will be evaluating the results of the Milwaukee Employment/Renovation Initiative (MERI), which provides modest grants and \$1 home sales to developers who purchased and renovated City tax foreclosures and provided employment opportunities for unemployed City residents. Using these "lessons learned," DCD will determine future opportunities for continuation and expansion of the model in 2019.

NEW INITIATIVES

Recent planning and redevelopment efforts have identified new housing needs and opportunities. Milwaukee's Equitable Growth through Transit Oriented Development Planning Study, nearing completion, recommends a number of strategies to expand and preserve affordable housing near transit. The recently released Anti-Displacement Plan recommends policies and programs to ensure that positive change in Milwaukee neighborhoods is equitable and benefits existing neighborhood residents. In 2017, Common Council members sponsored legislation to encourage the development of affordable housing units in the downtown neighborhood.

Responding to the findings of these studies and the intent of the proposed affordable housing legislation, the inter-departmental group developing the 10,000 Homes Initiative is evaluating several new initiatives.

Expanding the use of Tax Increment Financing to support affordable housing

Tax Incremental Financing (“TIF”) has been an important financing tool to support and encourage new development in the City, including affordable housing projects. Recent examples of affordable housing projects that have used this tool include Historic Garfield Apartments/The Griot, Welford Sanders Lofts, and SEVEN04 Place.

DCD has drafted new Tax Increment Financing guidelines to encourage and guide the development of additional affordable housing units. The guidelines, found in Attachment 2, incentivize projects that meet City goals, such as transit-oriented development, preventing displacement, developing housing for low-income households, installing green infrastructure and historic preservation. The guidelines also are intended to create consistency and predictability regarding the evaluation of projects seeking City investment.

Low Income Housing Tax Credits

Low Income Housing Tax Credits (LIHTC) are one of the largest sources of subsidy for the development of affordable rental housing in Milwaukee. Tax credits are allocated in the state by the Wisconsin Housing and Economic Development Authority (WHEDA). The most valued credits are awarded through a competitive application process which is guided by WHEDA’s Qualified Allocation Plan (“QAP”). The QAP awards points in a number of different categories which determine tax credit awards.

To make Milwaukee projects more competitive in the allocation process:

- The City has recently advocated for changes to the QAP to award points to projects near transit, as well as projects in neighborhoods vulnerable to displacement or gentrification. See Attachment 3.
- The inter-departmental work group is considering methods for “pre-committing” funds for worthy tax credit applications that meet the City’s housing priorities. Pre-commitment of City investment would allow Milwaukee tax credit applications to compete more effectively in the tax credit application process.

Strategic Acquisition Fund

An important strategy that has emerged in the City’s Transit Oriented Development Planning Study as well the recently completed Anti-Displacement Plan is the creation of a Strategic Acquisition Fund (Fund). The Fund would be a proactive tool that could be utilized to finance the acquisition of key properties near current or planned transit corridors and in neighborhoods at risk of displacement that can be developed or preserved for mixed income and affordable housing. The Fund would be a patient and responsive source of capital to provide early-stage financing with competitive interest rates.

A concept paper (Attachment 4) has been developed and the Dept. of City Development is currently working on a financing and implementation strategy for the creation of the Fund.

Promoting Homeownership

As a result of the foreclosure crisis and recession, home owner-occupancy within the city limits has declined by 12%. However, with improvements in the local economy, rate of employment, and housing market, this is an opportune time to reinvigorate efforts to promote homeownership. The average monthly rent in the City is approximately \$800. In many Milwaukee neighborhoods, rent is higher than the monthly cost of homeownership.

City agencies currently work with a number of partners including lenders, home buyer counseling agencies and real estate professionals to promote homeownership. Enhancing and expanding these can provide additional homeownership opportunities for residents.

- The City will work with Take Root Milwaukee (“Take Root”) and its partner agencies to create a “Campaign for Homeownership.” The campaign will involve a comprehensive marketing strategy to connect residents with resources that can help them achieve homeownership. In addition, the City will work with Take Root to identify additional resources to support this work.
- DCD is working to create additional incentives for the sale of City owned tax foreclosures that would promote and encourage homeownership.

Receivership Properties

The City Attorney’s office has been diligently working to address nuisance properties through aggressive enforcement actions and the use of court appointed receivers. Recently, the holdings of two major problem property owners have been placed in receivership and the court has ordered their sale. The disposition of these properties to responsible property owners and subsequent redevelopment will significantly benefit both residents and neighborhoods.

An interdepartmental working group has met to review the property inventories and strategize on disposition strategies. This would involve the sale of properties to affordable housing developers with a track record of successful property redevelopment and management. The group also will focus on identifying a pool of resources that could be utilized to assist in the acquisition and redevelopment of the properties.

COLLABORATION, MEASUREMENT, TRACKING

City departments have been meeting since March 2018 to collectively identify strategies to meet the goals of Mayor Barrett’s 10,000 Homes Initiative. Participants include the Office of the Mayor, Budget Office, Community Development Grants Administration, Department of City Development, Department of Neighborhood Services and the Housing Authority of the City of Milwaukee. This interagency group will continue to meet to coordinate programs and activities and to evaluate the results of their efforts.

In addition, a number of stakeholders in the housing delivery system, from private developers to local community organizations, have committed to working with the City to advance the goal of increasing affordable housing opportunities in the City.

Progress towards meeting the 10,000 Homes Initiative goals will be tracked through the City's Budget Office. Units that will be counted include:

- Units that receive City financial assistance and benefit households with income of 80% or less of Area Median Income from sources such as CDBG/HOME, Strong Neighborhoods, Housing Trust Fund, Tax Increment Financing, Milwaukee Water Works Lead Service Line Replacement Program, Milwaukee Employment/Renovation Initiative, lead abatement programs operated by the Milwaukee Health Department.
- Tax-foreclosed properties sold to tenants, affordable housing developers and entities such as ACTS, Habitat for Humanity and the Housing Authority of the City of Milwaukee (HACM) that renovate or build homes for low-income families.
- New affordable units developed by HACM.

Attachments:

- Attachment 1: List of existing City housing programs/resources
- Attachment 2: Draft TID guidelines for affordable housing development
- Attachment 3: Comment to WHEDA for the 2019-2020 Qualified Allocation Plan
- Attachment 4: Strategic Acquisition Fund Concept Paper