

**LEGISLATIVE REFERENCE BUREAU FISCAL ANALYSIS**

**ZONING, NEIGHBORHOODS AND DEVELOPMENT COMMITTEE**

**FEBRUARY 23, 2010**

**Item 10, File #091358**

File Number 091358 is a resolution approving the awarding of \$818,395 from the Housing Trust Fund for 5 affordable housing projects.

**Background**

1. On November 14, 2006, the Common Council adopted File Number 041537, the ordinance creating the City of Milwaukee's Housing Trust Fund.
2. The purpose of the Housing Trust Fund is "to support developers and governmental entities in the acquisition, construction, rehabilitation and modification of affordable and accessible housing for low-income households, and to finance support services that assist low-income households in obtaining and maintaining affordable housing" (s. 316-1, MCO).
3. The Community Development Grants Administration division of the Department of Administration ("CDGA") is responsible for administering the Housing Trust Fund, including soliciting and reviewing requests for funding. The 13-member Housing Trust Fund Advisory Board evaluates funding requests and makes recommendations to the Common Council after the requests have been reviewed by CDGA.
4. The financing and operational characteristics of the Housing Trust Fund, adopted by Common Council File Number 060071, provide that Housing Trust Fund dollars shall be awarded in 3 categories:
  - a. Housing and services for persons who are homeless (targeted to receive a minimum of 25% of available funds).
  - b. Development or rehabilitation of affordable rental housing (target: a minimum of 35%).
  - c. Creation or maintenance of home ownership activities (target: a minimum of 25%).
5. The 2007 Budget included \$2.5 million in general obligation borrowing authority to fund the Housing Trust Fund. The 2008 Budget provided an additional \$400,000 in tax levy funding for the Housing Trust Fund. The 2009 and 2010 budgets each provided an additional \$400,000 in capital funding for the Housing Trust Fund
6. To date, the Common Council has approved 2 rounds of Housing Trust Fund awards: \$1,407,000 in 2008 for 5 affordable housing projects and another \$920,750 in 2009 for 9 projects. (An additional \$10,000 was allocated to the Local Initiatives Support Corporation and the Public Policy Forum to fund a study titled "A Sustainable Approach to

Creating and Administering Low-Income and Special Needs Housing in Milwaukee County.")

**Discussion**

1. In October, 2009, CDGA issued requests for proposals for projects to be supported by the next round of Housing Trust Fund awards. Proposals were sought for the funding categories of Housing for the Homeless (25% of available funds), Rental (35%), Home Ownership (25%) and Other Needs as Identified (15%). Fourteen funding requests totaling over \$3.1 million were received by the October 19 deadline.
2. CDGA staff and the Housing Trust Fund Advisory Board’s Technical Review Subcommittee both reviewed the funding applications. Applications were evaluated in terms of several scoring criteria, including the amount of funds being leveraged, the degree of income targeting, the period of affordability of the project, the use of City residents or EBE firms in construction and the applicant’s experience in developing housing.
3. The Technical Review Subcommittee recommended 5 projects totaling \$818,395 for funding. These recommendations were approved by the full Housing Trust Fund Advisory Board at its February 11, 2010, meeting.
4. The projects recommended by the Housing Trust Fund Advisory Board for funding are:

**Rental Housing**

Center for Veterans Issues, Ltd.	\$168,395 for construction of Veteran Manor, a 52-unit supportive housing development for low-income veterans at 35 <sup>th</sup> and Wisconsin Avenue.
Heartland Housing, Inc.	\$150,000 for a 35 units of new rental housing at 2500 W. Fond du Lac Avenue.
Our Space Inc.	\$375,000 for Empowerment Village, a 35-unit combination rehabilitation/new construction project at 525 W. Lincoln Avenue.

**Home Ownership**

Layton Blvd. West Neighbors	\$20,000 for the purchase and rehabilitation of 2 foreclosed homes.
Northcott Neighborhood House, Inc.	\$105,000 to make at least 3 single-family homes fully accessible to persons with physical impairments.
<b>TOTAL</b>	<b>\$818,395</b>

5. As with previous rounds of funding awards, the recommended awards are for “bricks-and-mortar” projects, rather than “soft costs” relating to the provision of affordable housing. The Housing Trust Fund Advisory Board believes that rehabilitation or new construction of housing units will have a more visible, immediate impact on the affordable housing market than housing services such as homebuyer counseling.

**Fiscal Impact**

1. Approval of the this resolution will authorize the expenditure of \$818,395 from the Housing Trust Fund.
2. Following adoption of this resolution, the balance in the Housing Trust Fund will be \$543,855 (this includes the \$400,000 appropriation in the 2010 Budget).

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