



Meeting Minutes
HOUSING TRUST FUND ADVISORY
BOARD

ALD. MICHAEL MURPHY, CHAIR

Bethany Sanchez, Vice-Chair

**Ald. Robert Bauman, Heather Dummer Combs, Cecelia Gore, James Hiller, Craig Kammholz,
Vincent Lyles, Cathie Madden, Brian Peters, Ray Schmidt, and Mike Soika**

Staff Assistant, Terry MacDonald

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Thursday, August 14, 2008

11:00 AM

Room 301-B, City Hall

Meeting convened: 11:13 A.M.

1. Roll call

Present 6 - Murphy, Kammholz, Bauman, Sanchez, Madden and Dummer Combs

Excused 5 - Soika, Hiller, Peters, Schmidt and Lyles

Also present: Steven Mahan, Director, Dept. of Admin., Community Development Grants Administration, Garry Werra, Community Development Grants Administration, Assistant City Attorney Tom Gartner, and Jeff Osterman, Legislative Reference Bureau

2. Approval of the minutes of the July 10, 2008 meeting

Ald. Bauman moved approval of the minutes, Ms. Gore seconded. There were no objections.

3. Communication from Mr. Leo Ries, Executive Director, Local Initiatives Support Corporation (LISC) regarding a request for funding for a study being done by LISC and the Public Policy Forum

Ald. Murphy said that Mr. Leo Ries, Executive Director of Local Initiatives Support Corp. (LISC) submitted a letter (Exhibit 1) to this board requesting funding for a study being conducted by LISC and the Public Policy Forum. He said Mr. Ries is not present, but Mr. Madden is also on the LISC Board and is able to address any questions.

Ms. Sanchez asked if Mr. Ries is requesting the money from housing trust fund or from some other city funding source?

Ald. Murphy replied that it would come from the Housing Trust Fund.

Ms. Madden replied that there was \$25,000 set aside to do projects such as this and as of today none of that money has been used. She said where the money comes from is at the discretion of the City.

Ald. Murphy said that Mr. Ries is requesting \$5,000 to \$10,000.

Ald. Murphy replied that this request would come out of the \$400,000 that was budgeted in 2008 for the Housing Trust Fund.

Mr. Mahan said that there is some language in the study summary that refers to a third party administering the HOME funds and Section 8 voucher programs and advised the members that that far exceeds what was approved by the Mayor and that information wasn't provided at the time the study was presented to the Mayor. He said the City isn't interested in moving those entitlement funds to a third party. He asked that all the language in the study summary that refers to a third party administering the HOME funds and Section 8 voucher programs be stricken.

Ms. Madden replied that Mr. Mahan is correct, that when the study was brought to the Mayor for review the full scope of the summary was not presented. She said that when looking at funding models from city to city, all the funding entities need to be taken into consideration. She said they can't ignore HOME and Section 8 funds because these are monies that go into housing. She said they aren't trying to come up with recommendations on how to redo the entire City housing function.

Mr. Mahan referred the members to the "Project Overview" section of the study summary, under bullet point one where it says "potential pros and cons associated with merging these (HOME and Section 8) programs and/or locating them outside of city and county government" and said he agrees that all the funding sources and usage should be considered, but a transfer of those programs to a third party should not be part of the study.

Ms. Madden asked that instead of striking the language, could language be added, such as under "Project Overview", in the first bullet point, in the sentence that starts with "This will include" add "This will include review of"?

Mr. Kammholz asked if this board could have Mr. Rob Henken with the Public Policy Forum appear and explain what this study is going to provide for the City? He said this board may use the recommendations from this study.

Ms. Gore asked if they could approve the funding with a caveat that the study summary language will be further defined.

Ald. Murphy asked if it is even necessary to have that language in the study summary and project overview?

Ms. Madden replied that they don't need that language, but would like to have it in and would be willing to modify it.

Ms. Madden said that inviting Mr. Henken may be a good idea, because he could explain the study better than she can.

Ms. Madden asked if this board would consider isolating some of the language in the study summary and move ahead with the funding request at this time?

Ald. Murphy said that the wording that Mr. Mahan is requesting to be stricken could be stricken and between now and September the language could be clarified and then reviewed by this board at its next meeting. He said from there it would go on to the Zoning, Neighborhoods and Development Committee for consideration. He asked if there is a motion?

Ald. Bauman asked if the County is putting up funding for this study?

Ald. Murphy replied that he and Ms. Madden met with the County Supervisor Marina Dimitrijevic and the County Policy Advisory Committee and they said they would be willing to fund the study, but the board hasn't met yet to consider the request.

Mr. Kammholz moved to approve a \$10,000 grant for the study being done by LISC and the Public Policy Forum with the caveat that the scope of the language will be redefined, Ald. Bauman seconded. There were no objections.

Meeting adjourned: 11:40 A.M.

Terry J. MacDonald
Staff Assistant



LISC

June 23, 2008

Mr. Michael Murphy, Alderman
City of Milwaukee
200 E. Wells St., Rm. 205
Milwaukee, WI 53202

Dear Mr. Murphy, *Murphy,*

LISC is working with the Public Policy Forum to explore policy options for creating a sound and sustainable public infrastructure that will support the development of affordable housing in Milwaukee County and insure the effective administration of affordable housing programs. The project will consist of two primary components:

- Review and analyze the existing housing programs in the City of Milwaukee and Milwaukee County and outline strengths and challenges. This review will include both operational programs such as Section 8 and HOME as well as housing development programs such as the Housing Trust Fund, established by the City, and the Inclusive Housing Fund, established by the County. Consideration also will be given to potential pros and cons associated with merging these programs and/or locating them outside of city and county government.
- Review a selected group of housing trust fund and program administration models in other metropolitan areas, with a discussion of potential barriers and benefits associated with replication in Milwaukee. A particular research emphasis will be analysis of whether and how other housing trust fund efforts have been able to attract private sector participation and support.

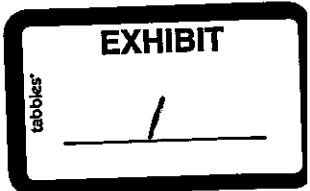
Included with this letter is a copy of the full research proposal from the Public Policy Forum. The projected cost for this study is approximately \$30,000. **I'm writing to ask if the City of Milwaukee would consider providing support for this project with a grant of \$5 - 10,000.**

As you know, the lack of decent, safe and affordable housing for low-income residents in Milwaukee County has been well documented, and the sub-prime mortgage crisis and the tightening credit markets promises only to make the problem worse. The study as outlined above will lay the groundwork for a constructive conversation on how we can leverage local resources for the best possible advantage.

Thank you for your consideration of this request. Please feel free to call me if you have questions.

Sincerely,

Leo J. Ries, Executive Director
LISC - Milwaukee



A Sustainable Approach to Creating and Administering Low-Income and Special Needs Housing in Milwaukee County

A Project Proposal to the Local Initiatives Support Corporation

Submitted by the Public Policy Forum

June 2008

Summary

This proposal is in response to the Local Initiatives Support Corporation's request for research assistance that would inform policymakers of strategies that could lead to a more coordinated and efficient use of public resources (at both the city and county level) relative to affordable housing development. The research conducted under this proposal also will yield information on models utilized in other metropolitan areas that have been successful in encouraging greater private investment in this area.

The lack of a sufficient supply of decent, safe and affordable housing for low-income residents in Milwaukee County has been well documented. For example, a recent report by the UWM Employment and Training Institute found that since 2000, there has been a 48% increase in the number of Milwaukee renters spending greater than 50% of their income on housing. In addition, a report by the Milwaukee Housing Trust Fund Coalition found that there are 4,250 individuals on the waiting list for public housing or Section 8 vouchers, and that the average amount of time the waiting lists remain closed is 24 months. The sub-prime mortgage crisis and the tightening credit markets promise only to make these numbers worse.

More recently, there also has been considerable attention paid to the lack of decent and affordable housing for persons with mental illness and other special needs. A 2006 investigative series by the Milwaukee Journal Sentinel shed light on deplorable housing conditions experienced by low-income persons with mental illness and spurred action by the Milwaukee county executive and mayor to work jointly to address the problem.

Increased public attention to both the affordable housing problem in general, and the special needs housing problem in particular, has yielded some impressive public policy developments. The City of Milwaukee created a Housing Trust Fund in September 2006 to provide assistance for both the rehabilitation and construction of housing for low- and moderate-income citizens. Meanwhile, Milwaukee County has created two funds for development of low-income housing: one to address the needs of low-income persons with mental illness, and a separate "inclusive housing" fund for general low-income housing development.

While commendable and significant, most housing experts agree that the efforts undertaken by both governments still are likely to fall far short of meeting the need for affordable housing. Furthermore, the fiscal challenges facing both governments call into question whether their recent efforts can be sustained. Specific challenges already experienced by the city and county include the following:

- For its first round of funding, the city's Housing Trust Fund received requests totaling \$5.6 million and approved \$1.4 million worth of projects. While some of the requests were not approved because they did not meet the scoring criteria this year, it was clear in this initial round that viable requests exceeded the fiscal capacity of the fund.
- Controversy already has arisen regarding the size and affordability of the city's annual commitment to the fund.
- The county's two housing funds have been financed by borrowing and land sale revenue – two sources that are unlikely to be sustainable for the long-term.
- The county has made a strong commitment to three special needs housing projects, which leaves few resources for additional projects for the foreseeable future.
- While both the city and county initiatives address development of housing for persons with special needs, a key issue that has yet to be resolved is ongoing funding for the supportive services that are essential to making such housing work.

In light of these issues and challenges, the Public Policy Forum proposes a research project designed to explore how city and county policymakers might logically build off their recent efforts in order to create a sustainable and sufficient pool of resources to support the rehabilitation and construction of low-income and special needs housing. The project also will look at existing City of Milwaukee and Milwaukee County housing programs, such as Section 8 and HOME, to determine whether a consolidation of those programs might produce administrative savings and other efficiencies that could allow greater numbers of potential clients to be served.

Project Overview

The objective of the housing research project will be to determine potential policy options for creating a sound and sustainable public infrastructure that will support the development of affordable housing in Milwaukee County and the effective administration of affordable housing programs. It is envisioned that the project will consist of two primary components:

- Review and analysis of existing housing programs in the City of Milwaukee (most of which are administered by the Community Development Grants Administration and the Housing Authority of the City of Milwaukee, a separately chartered entity governed by a seven-member board) and Milwaukee County that will outline strengths and challenges. This will include both operational programs such as Section 8 and HOME as well as housing development programs such as the special fund initiatives described above. Consideration also will be given to potential pros and cons associated with merging these programs and/or locating them outside of city and county government.
- Detailed review of a selected group of housing trust fund and program administration models in other metropolitan areas, including discussion of potential barriers and benefits associated with replication in Milwaukee. A particular research emphasis will be analysis of whether and how other housing trust fund efforts have been able to attract private sector participation and support.

In conducting our research, we will specifically seek to answer the following questions:

- What potential funding sources (including federal, state, private) might exist to replace or supplement existing funding provided or committed by the city and county to affordable housing development?
- If the city and county were to formally combine their housing fund efforts and criteria, would it result in greater leverage on their investments?
- If there were to be a combined “fund,” where might it be housed and how might these options differ?
- What are the pros and cons of having separately administered Section 8 and HOME programs in the city and county? Would administrative savings and efficiencies result from merging the two?

Dissemination of Project Results

We would employ the following strategies to disseminate research results:

1. We will reach out to city and county government leaders to request an opportunity to publicly present our findings to relevant legislative committees. We will also offer private briefings to top government officials.
2. As with all major Forum research efforts, our final report will be posted on our web site, and we will notify our e-mail list of more than 1,000 Forum members, elected officials and business and community leaders upon posting.
3. The Forum has a proven record of success in attracting media coverage for its publications. We will utilize our traditional media dissemination strategies – which include requests for editorial board meetings and focus on non-traditional media (such as public affairs web sites) – to seek widespread coverage of the report.

Our Credentials

The Forum Board of Trustees has committed the organization to playing a key supportive role in monitoring and strengthening local government performance. For the past 95 years, we have served as a citizen’s watchdog organization for the city and county of Milwaukee, ensuring our local governments are committed to providing taxpayers with good value. Over the past decade, our mission has expanded to include policy analysis of issues important to all of southeastern Wisconsin.

Since 1913, the Forum has cultivated our reputation for trusted research as a non-profit, non-partisan organization that helps improve the quality of public policymaking in Southeastern Wisconsin. Our mission is to encourage informed public policy and effective use of public resources. We achieve our mission by conducting high-quality research on civic issues of local, state, and national concern. Fiercely independent and widely respected for unbiased research, the Forum is prized by area leaders seeking to participate effectively in public policy debate.

Key Personnel

The Forum's permanent staff consists of seven people: Rob Henken, president; Anneliese Dickman, J.D., research director; Ryan Horton, senior researcher; Jeffrey Schmidt, researcher; Melissa Kovach, researcher; Jerry Slaske, communications director; and Catherine Crother, administrative support.

Mr. Henken and Ms. Dickman will provide overall project direction and guidance and Mr. Henken will lead the dissemination aspect of this project. Mr. Horton will be assigned part-time to this project to lead the research and writing components. An outside researcher will be retained on a contractual basis to provide research and writing assistance. Other research staff will be called upon as needed to conduct research activities. The project team's extensive experience in policy research in Southeastern Wisconsin makes it ideally suited to conduct the project.

Project Timeline

	2008						
	June	July	August	September	October	November	December
Assemble Funding							
Research design							
Research & analysis							
Author draft report							
Print and release report							
Dissemination							

Project Budget

Project component	Cost
<i>Personnel</i>	
Rob Henken, President	\$ 4,000
Anneliese Dickman, Research Director	\$ 2,500
Ryan Horton, Senior Researcher	\$ 8,000
Contract Researcher	\$ 5,000
<i>Fringe Benefits</i>	
Rob Henken	\$ 1,000
Anneliese Dickman	\$ 250
Ryan Horton	\$ 2,000
Contract Researcher	\$ 0
<i>Personnel subtotal</i>	<i>\$22,750</i>
<i>Non-personnel</i>	
Printing, design, postage	\$5,000
<i>Non-personnel subtotal</i>	<i>\$5,000</i>
<i>Total direct costs</i>	<i>\$27,750</i>
Indirect costs (8%)	\$ 2,250
Total project cost	\$29,970