

# Milwaukee Affordable Housing Task Force Final Report

Presented to the City of Milwaukee  
Zoning, Neighborhoods and Development Committee  
July 7, 2006

# Purpose for creating HTF

- ▶ 2000 Census, *593,920 population*
- ▶ Unemployed civilian labor force, *33,576 or 6.9% countywide*
- ▶ City of Milwaukee housing needs, *232,188 total households, 249,225 total units, 105,235 owner occupied, 126,952 renter occupied, \$527 median rent*
- ▶ Housing Authority waiting list, *closed since 9/30/2004*

# Purpose for creating HTF

**2002 Per Capita Person income = \$30,346**

**Median Rent = \$527/mo or \$6,324,  
or 21% of personal income**

**Homebuyer course available in Spanish**

# Purpose of creating HTF

- ▶ Family housing waiting list, 1,051
  - ▶ 21 are elderly (end of their life)
  - ▶ 139 are disabled (need of wheelchair)
- ▶ Elderly public housing waiting list, 1,094
  - ▶ 55 (age 70 and over)
  - ▶ 199 (over 50-69 yrs)
  - ▶ 208 (any disabled person 18 yr under)
  - ▶ 632 (any individual who is under 50 yrs, not disabled)

# Membership Representation:

- City of Milwaukee Common Council
- Milwaukee County Board of Supervisors
- Mayor's Office
- DCD
- HACM
- LISC (Local Initiatives Support Corporation)
- YMCA Community Development Center
- Metro Milwaukee Fair Housing Counsel
- Independence First
- Interfaith Conference of Greater Milwaukee
- Gorman & Company

# Full Task Force Convened

- ▶ February 27
- ▶ March 27
- ▶ May 4
- ▶ May 10
- ▶ June 5
- ▶ June 16

*\* 2 Subcommittees convened outside the meeting dates*

# Financing Models Subcommittee

## ▶ Role:

Set a targeted annual amount of money to be available for the Trust Fund, as well as identifying and evaluating potential sources of revenue to support the Trust Fund.

▶ The 7-member subcommittee convened 4 times

# Operational Criteria Subcommittee

- ✦ Role was to make recommendations on:
  - ✦ Which agency will be responsible for administration of the HTF?
  - ✦ Will there be a body to provide oversight of the administering agency, and what will its composition be?
  - ✦ Types of projects eligible for funding from the HTF
  - ✦ Amount of funding to be earmarked for each category

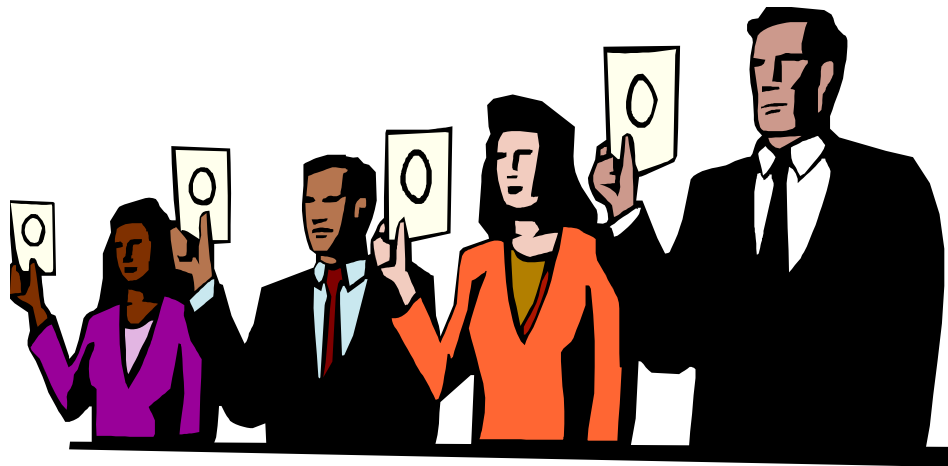


# Operational Criteria Subcommittee

- And also to make recommendations on:
  - Period of affordability - how long shall housing units built or rehabilitated with HTF dollars be required to remain affordable?
  - Income limits - applicable to persons or households eligible to live in HFT financed units
  - Accessibility standards – applicable to housing
- The 6-member subcommittee convened 6 times

# Housing Trust Fund Task Force Financing Models Subcommittee

## RECOMMENDATIONS



# #1 – Establish annual funding level

- ▶ Not less than \$5 million should be provided annually for all activities including:
  - ▶ Housing construction
  - ▶ Housing rehabilitation
  - ▶ Services

## #2 – Year 1 Start Up Funding

- ▶ One-time City of Milwaukee General Obligation bond issuance

*Requires no referendum*

*15-year term, 5% interest rate, results in annual debt service payments \$350,000 - \$583,333*

*Subsequent years funding from other revenue sources (some require changes in state legislation)*

## #3 – Potawatomi Bingo Casino Receipts

- ▶ If future City payments from the PBC exceed the current amount of \$3.38 million per year, the additional revenues shall be dedicated for the HTF

*Est. annual payments to the HTF may total \$1.72 million to \$4 million, based on newspaper reports*

*Contingent upon continuance of payments from the PBC*

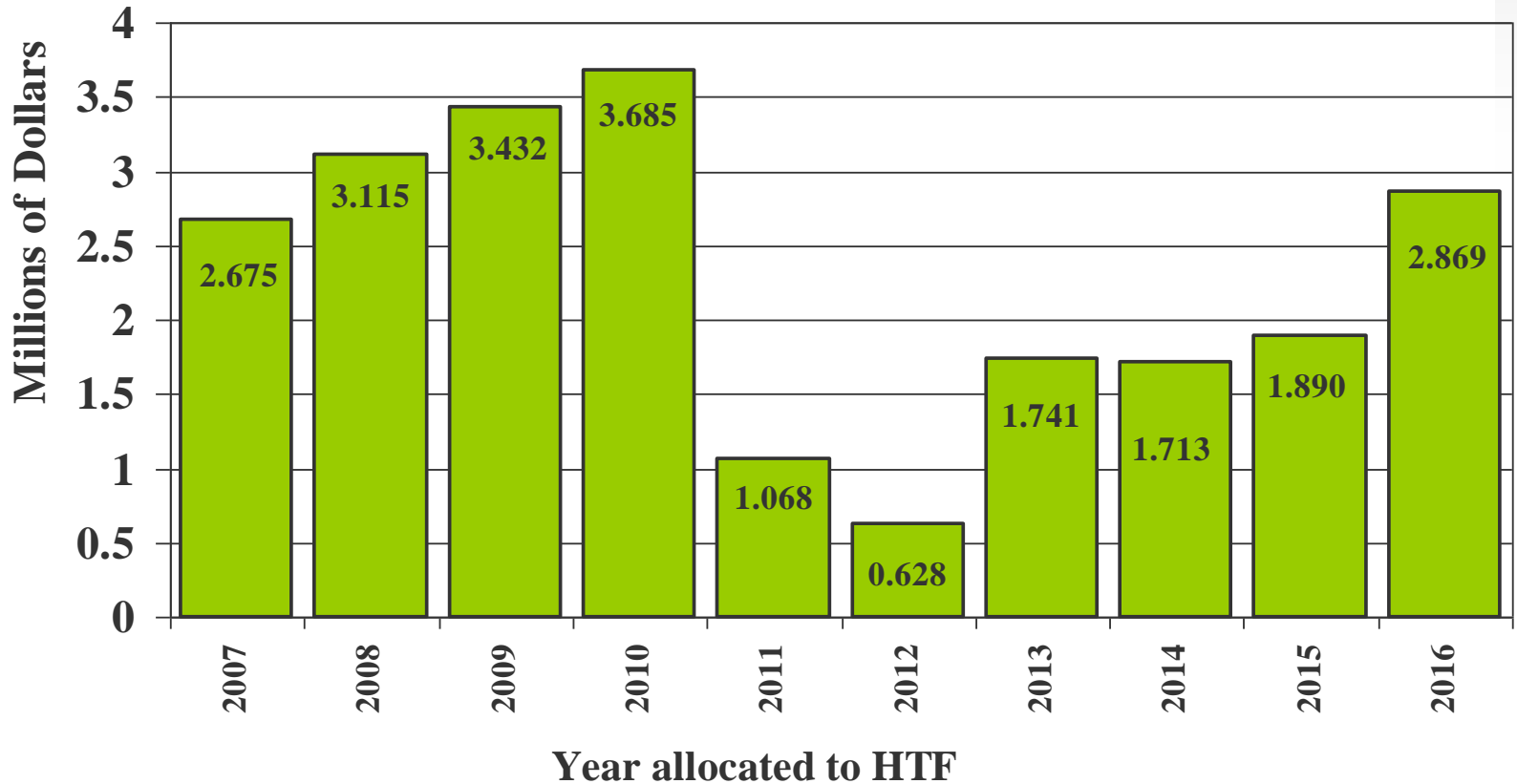
*Requires no change in state legislation*

## #4 – TID Post-Closing Increments



Each of the 4 years immediately following the year in which closure occurred, the City shall designate General Fund revenue for the HTF in an amount equal to the incremental tax revenue (City portion) received from the TID during the last tax collection cycle in which the tax incremental district was in existence.

# Sample TID Revenue Projections



*Assumptions: No new TIDs created or closed 2007-2016, equalized values of the TIDs increase 8% per year over the 2005 "base" equalized value, City tax rate continues to decrease until after 2011, after which time it will level off*

## #5 – City land sales proceeds

- ▶ 80% of the net proceeds from the sale of City-owned vacant land should be designated for the HTF, estimated at \$132,000 to \$275,000 annually

*(NOTE: Monies are currently deposited into the Reserved for Tax Deficit Fund by ordinance. This recommendation requires an ordinance change)*

- ▶ RACM continues to retain 20% of net proceeds for administration of the land-sale program



## #6 – Payment in lieu of taxes (PILOTs) payments

- ▶ Any PILOTs received by the City from newly-negotiated PILOT agreements with owners of tax-exempt property should be dedicated for the HTF.

*(NOTE: \$20,000 - \$27,000 est. annual pymts to the HTF)*

## #7 – Seek State Legislation to:

- Allow revenues from TIDs to be used for HTF purposes outside those districts
- Allow municipalities to assess linkage fees in the range of 10 to 30 basis points per square foot of new construction (both residential and non-residential), with the proceeds from such fees being available to support local housing trust funds
- Estimated funding for state housing trust fund

## #7 – Continued

- ▶ Create a 50% state tax credit for contributions to housing trust funds
- ▶ Enable municipalities and counties to levy taxes and fees that solely support housing trust funds. Such taxes and fees should be exempt from state-imposed revenue caps or tax-levy freezes.



## #7 – Continued

- Create a State of Wisconsin housing trust fund to be funded, at least in part, by real estate transfer fee proceeds, with no funds coming from local governments.
- Specifically, this housing trust fund should be funded by 5% of the real estate transfer fee revenues (i.e., the share of transfer fee revenues retained by the State for other purposes would be reduced from 80% to 75%)



## #7 – Continued

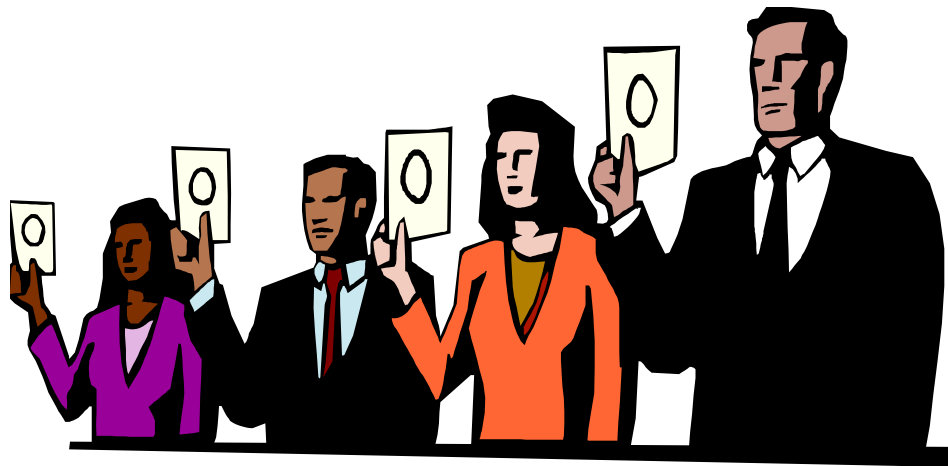
- ▶ Increase the amount of the real estate transfer fee statewide from \$3 per \$1,000 of sale price to \$4 per \$1,000, with the increased revenues being dedicated to –
  - ▶ State housing trust fund (if one is created), or
  - ▶ Local housing trust funds (if no state housing trust fund is created)

# #7 – Last Continuance

- ✦ Eliminate the exemption from the requirement to pay the real estate transfer fee that currently applies to transfers involving purchasers that are limited liability companies (“LLCs”), with the additional transfer fee revenues being dedicated to –
  - ✦ State housing trust fund (if one is created), or
  - ✦ Local housing trust funds (if no state housing trust fund is created)

# Housing Trust Fund Task Force Operational Criteria Subcommittee

## RECOMMENDATIONS



# #1 – Selecting a HTF Administrator



First choice, Community Development Grants Administration (CDGA)

*NOTE: Requests for proposals, public hearings and funding-allocation decisions should be kept separate from the City's CDBG activities*



Second choice, Neighborhood Improvement Development Corporation (NIDC) an agency under administration of the Dept of City Development



Third choice, a private, non-profit agency



## #2 – Create Advisory Board

- Oversight of administration of the HTF, as well as final funding recommendation to the Common Council, should be provided by a 13-member advisory board consisting of members who shall serve staggered, 2-year terms.

*(NOTE: The membership is listed on the next slide. For advisory board members where no appointing authority is specified, the agency which the individual represents shall make the appointment.)*

- Responsible for evaluating requests for funding
- Consider annual reports on Milwaukee's housing needs prepared by CDGA and DCD in making funding-allocation decisions

# #2 – Continued

(\*\* denotes appointment by the Common Council President)

- 2 Common Council members\*\*
- 2 Mayoral appointees
- City Comptroller, or designee
- 1 Non-profit developer\*\*
- 1 For-profit developer\*\*
- 1 Continuum of Care representative
- 1 Representative of a financial institution\*\*
- 1 LSIC representative
- 1 Metro Milw Fair Hsg Council representative
- 1 Independence First representative
- 1 Interfaith Conf. of Greater Milw representative

# #3 – Allocating HFT Dollars

*HFT dollars should be used to leverage and complement other sources of financing and to close funding gaps, but should not be viewed as the primary source of funds for any HFT-financed project.*

- > **25%** housing and services for homeless
- > **35%** rental housing rehabilitation
- > **25%** create and maintain home ownership
- ≤ **15%** advisory board identified “flexible” uses
- ≥ **2%** of available HFT dollars, or \$100,000, whichever is less, to fund accessibility improvements or modifications in any of the 3 funding categories

# #4 – Affordability Requirements Rental Housing

- ▶ 30 years, minimum
- ▶ Subject to advisory board review of affordability, in 15<sup>th</sup> year
- ▶ The advisory board shall have discretion to remove a particular housing development from the HTF program at the time of the 15-year review

# #5 – Affordability Requirements

## Owner-occupied

- 5-year forgivable loans (acquisition, new construction, rehabilitation projects)
- Repay entire loan back if property sold before end of 5-year period
- Exempt property resale to another income eligible household from repayment provision
- Enforce through a deed restriction

# #6 – Affordability Requirement Homeless



# #7 – Owner-Occupied Household Income Eligibility Guidelines

- Use the Census Bureau’s Long Form definition of “income”
- County median income (CMI), which adjusts over time, for family of 4 (\$ )
- Acquisition & new construction, 100% CMI
- Substantial home rehab ( > \$5000), 65% CMI
- Modest home rehab (< \$5000), 100% CMI

# #8 – Rental & Homeless Income Eligibility Guidelines

- Serve households and individuals at or below 50% CMI (currently \$33,600)
- Applicable to acquisition, new construction and rehabilitation projects



# #9 – Requirements for Agencies doing home-buying counseling

- ▶ Demonstrate that they serve low- and moderate-income clients
- ▶ Prove the ability to assist disabled individuals needing counseling (e.g., the organization offers translation services, materials in Braille, etc.)

# #10 – Earn extra points to improve application scores

- Leverage other private or public funds
- Service the population's lowest-income segment
- Commit to exceed HTF affordability requirements
- Priority to EBEs or employing a neighborhood workforce
- Encourage neighborhood diversity

# #10 – Earn extra points to improve application scores

- Use green building principles
- Coordinate with and enhance the work of other entities in the neighborhood, such as employers, business improvement districts, schools, job training agencies or social service agencies and/or
- Facilitate the movement of persons from institutions into the community
- Use contractors who pay family-supporting wages

# #11 – Accessibility Standards

- ▶ Applicable to all new construction or substantial (> \$5000) housing rehabilitation
  - ▶ Sec. 504 of Rehab Act of 1973
  - ▶ Fair Housing Act as amended
  - ▶ ADA
  - ▶ Wisconsin Open Housing Act
  - ▶ Architectural Barriers Act
  - ▶ Design principles

# #11 – Accessibility Standards

- Applicable to all new housing units in 1- to 3-unit structures. Each ground-floor unit shall be constructed to these “visitability” standards for the following:
  - 1 zero-step entrance
  - Usable path to travel throughout the main-level
  - A powder room on the main-level floor

# Final recommendation on Accessibility & Visitability

- ✦ *Any of these standards (except standards imposed by federal or state law) may be waived or reduced by the Housing Trust Fund's advisory board, upon consultation with appropriate City staff, if project site conditions are unsuitable, but any such waiver does not exempt the project from all other applicable requirements regarding accessibility and visitability.*

# Staff Contributions:

## Legislative Reference Bureau

City Clerk

DCD

City Attorney

DOA - CDBG

Comptroller's Office

