



Department of City Development

City Plan Commission
Neighborhood Improvement
Development Corporation
Redevelopment Authority

Rocky Marcoux
Commissioner

Martha L. Brown
Deputy Commissioner

November 18, 2011

Mr. Steven Mahan
Community Development Grants Administration
City Hall Room 606

Dear Mr. Mahan:

Enclosed please find a budget amendment requesting a transfer of funds within the Department of City Development's Neighborhood Stabilization Program 2 (NSP2) "Vacant Land Reuse" program accounts.

At the April 12, 2011 meeting of the Common Council, an amended NSP2 budget was approved that allocated \$3.4 million of NSP2 funds to the "Vacant Land Reuse" activity for the new construction of affordable rental housing on vacant and/or foreclosed land. We have previously reported to HUD that at least \$2.2 million would be utilized to meet the NSP2 program requirement that 25% of all NSP2 funds allocated to the City of Milwaukee be used to provide housing for low-income residents with household incomes at or below 50% of Area Median Income (AMI). All of these "very low income set-aside funds" have all been obligated to projects currently underway or soon to begin construction.

At its October 17, 2011 meeting, the NSP Large Projects Loan Committee, made up of representatives of the Department of City Development, the Community Development Grants Administration, and the Comptroller's Office approved a \$600,000 loan to UMCS Phase III pursuant to underwriting criteria used for determining City NSP Assistance for large rental projects. This project involves the new construction of 24 units of affordable rental housing on formerly foreclosed land, and is eligible to receive NSP funding under the "Vacant Land Reuse" activity. The project meets HUD criteria for serving households at or below 50% of AMI.

Although HUD has informed us that this change does not require amendment approval by HUD, we wish to ensure that this project is properly classified when reporting to HUD on the City's progress in meeting the requirement that NSP funds be utilized to provide housing for households below 50% of AMI. Your office has recommended that the Common Council approve the move of \$600,000 from the "Vacant Land Reuse" account (NS2300200000) into the "Vacant Land Reuse - Low Income Set-Aside" account (NS2300400000). This change does not alter the \$3.4 million that will be spent for "Vacant Land Reuse" activity, as approved by the Council.

Please contact Maria Prioletta at x5903 if you have any questions about this request.

Sincerely,

Martha L. Brown
Deputy Commissioner