



Department of City Development

Housing Authority
Redevelopment Authority
City Plan Commission
Historic Preservation Commission
NIDC

Rocky Marcoux
Commissioner

Martha L. Brown
Deputy Commissioner

September 22, 2006

To The Honorable Members of the
Zoning, Neighborhoods and Development Committee
City of Milwaukee
City Hall, Room 205

Dear Committee Members:

As you consider the establishment of a Housing Trust Fund, I thought it would be helpful to provide a summary of the City of Milwaukee's ongoing activities related to the development of affordable housing. The attached summary also includes a brief description of two initiatives that will be included in Mayor Tom Barrett's 2007 budget proposal that relate to the objectives of the Housing Trust Fund Task Force.

Please add this information to file #060071. Thank you.

Sincerely,

Martha L. Brown
Deputy Commissioner

Attachment

c: Ald. Willie Hines, President
Members of the Common Council

Affordable housing needs -- The City of Milwaukee's response

The Housing Trust Fund task force seeks financial support for three categories of initiatives:

- 1) Develop or rehabilitate rental housing affordable to households at or below 50% of Milwaukee County's median income.
- 2) Create and maintain home ownership opportunities affordable to people at or below 100% of Milwaukee County's median income.
- 3) Develop housing and provide services to homeless individuals with incomes at or below 50% of Milwaukee County's median income.

The City of Milwaukee has directed resources toward the accomplishment of these goals for many years. This paper discusses current, ongoing strategies, and introduces two new initiatives that will enhance the City's commitment in 2007.

Development of affordable rental housing

The City of Milwaukee actively supports the provision and development of affordable rental housing, through the operations of its Housing Authority, and by providing City support to Low Income Housing Tax Credit projects.

Housing Authority

Operating more than 4,400 units of subsidized housing and providing rental vouchers to more than 5200 households, Milwaukee's Housing Authority is the city's largest provider of housing to low-income families and individuals. Approximately 5 percent of Milwaukee's population lives in property run by the Housing Authority.

The families and elderly and disabled individuals served by the Housing Authority have extremely low incomes. The average annual household income of public housing residents is \$13,290, and the average annual household income of families holding rent vouchers is \$13,193. These income levels put both groups at approximately 20% of County Median Income (\$67,200 for a family of four).

Milwaukee's Housing Authority spends about \$15.8 million annually to operate and maintain subsidized housing units, and provides nearly \$24 million annually to subsidize rent for households holding rental vouchers.

The Housing Authority aggressively seeks grant funding from both public and private sources to improve its housing stock and create supportive service partnerships. Between now and the end of 2007, the Authority will invest more than \$2 million in federal HOPE VI funds to develop new single-family affordable housing units.

Low Income Housing Tax Credits

Low Income Housing Tax Credits are the most effective tool currently available to support the development of affordable rental housing. Since 2004, tax credits totaling \$14 million have been awarded to 23 projects being built in Milwaukee neighborhoods. These credits will inject an estimated \$125 million into the development of affordable housing in Milwaukee. Through new construction and rehabilitation of existing property, these projects will create 1,518 housing units affordable to households at or below 60% of Milwaukee County's median income.

The City of Milwaukee provides critical assistance to ensure the success of these LIHTC projects. Half of the 23 projects receiving credits since 2004 have received additional City support in the form of land sales, investment of HOME funds, or discretionary development approvals such as zoning changes. Two of the projects are actually owned by the City of Milwaukee's Housing Authority.

The City's support for affordable rental housing development has fueled a marked increase in the number of local applications being submitted and approved. Since 2004, Milwaukee projects have captured, on average, 46% of all LIHTC allocated within the state of Wisconsin. This is a dramatic improvement over the previous three-year period, when, on average, only 20% of all LIHTC allocated within the state went to Milwaukee projects.

Create and maintain home ownership opportunities

The City of Milwaukee actively invests in projects that create home ownership opportunities for people of various income levels.

Using tools such as discounted sale of land owned by the City and Redevelopment Authority, tax incremental financing, and CDBG and HOME funds, the City will support the development of approximately 230 units of new housing for home ownership in the next year. Those projects that utilize federal HOME funds are affordable to households at or below 80% of the County Median Income. Among the most recent HOME-funded efforts:

- Ezekiel Homes, infill housing at N. 16th/W. Galena Streets
- West Pointe Condominiums, conversion of an apartment building at N. 27th and W. Wells St. into affordable condominium units
- Wisconsin Fresh Start Program, providing housing construction and rehabilitation training and work experience for at-risk youth

The City also administers the American Dream Down payment Initiative, which provides down payment, closing cost, and rehabilitation assistance to low-income first-time homebuyers.

The Housing Authority operates a home ownership program that sells properties to public housing residents and families that receive rental vouchers. To date, 366 families have been purchased homes. The Housing Authority is seeking authorization from the US Dept. of Housing and Urban Development to sell an additional 50 of its scattered site properties.

The Milwaukee chapter of Habitat for Humanity is the most active local agency providing home ownership opportunities for families at 30% to 60% of County Median Income. Habitat's success relies on a longstanding partnership with the City of Milwaukee, through which the City provides Habitat with vacant lots for new home construction. Since 2000, the City has sold Habitat 191 vacant lots, at \$1 per lot.

2006 saw an important expansion of this partnership, when Habitat joined with the City of Milwaukee in its efforts to reinvent the troubled Woodlands condominium development. Habitat purchased one Woodlands unit in 2006, and has renovated it to use as a model to attract additional buyers to the development. The agency anticipates buying 15 more Woodlands units for renovation and sale to low-income buyers in 2007. Some of these units will be sold to Habitat for \$1; others will be sold for higher prices, and HOME funds equivalent to the purchase price will be provided to Habitat to defray renovation costs.

In 2007, a creative extension of the City/Habitat partnership will allow Habitat to grow its capacity to create home ownership opportunities for very low-income families. Under this proposal, the City will purchase \$250,000 worth of outstanding Habitat mortgages. Habitat will use the proceeds of the mortgage sale to fund construction and renovation costs for additional housing units. Private fund-raising efforts will seek to match the City's contribution to provide for a multi-year mortgage buyout program.

Develop housing for the homeless

Through its Housing Authority, the City of Milwaukee is a partner in the development of single-room occupancy housing for 14 homeless veterans on the grounds of the Clement Z. Zablocki VA Medical Center.

The City of Milwaukee annually directs approximately \$2 million in Community Development Block Grant and Emergency Shelter Grant funds to support activities geared to assist homeless people achieve stable housing and self-sufficiency.

Mayor Barrett's 2007 City budget increases the City's support for this effort, by providing seed money for a Housing Development Challenge Fund that could direct nearly \$4 million for development of housing for the homeless over the next 10 years.

Under the proposal, one-half of the City's share of excess tax revenues in closed tax incremental districts will be deposited in the Housing Development Challenge Fund. Excess revenue from closed tax incremental districts will be available the year after each TID is closed in the next 10 years. The fund also will accept private contributions.

Proceeds of the Housing Development Challenge Fund will be made available for housing development projects, with a special emphasis on innovative approaches that provide permanent housing and supportive services for the homeless. Projects that can demonstrate a dollar-for-dollar match by contributions from non-City sources will be eligible to apply for grants from the fund.

Current projections forecast that 15 tax incremental districts will close between 2007 and 2016. The formula discussed above will yield an estimated \$1.9 million in City funds, to be matched by at least \$1.9 million of funds from other sources. TIDs closed in 2007-2009 will generate an estimated \$384,200 in City funds for the homeless housing development initiatives.

The City's Community Development Grants Administration will administer the Housing Development Challenge Fund.