

..Number

060071

..Version

PROPOSED SUBSTITUTE A

..Reference

051017

..Sponsor

ALD. MURPHY

..Title

Substitute resolution relating to the recommendations of the Milwaukee Housing Trust Fund Task Force for the operation and funding of a housing trust fund.

..Analysis

This resolution endorses, with certain modifications, the recommendations contained in the Milwaukee Housing Trust Fund Task Force's Final Report dated June, 2006, related to the establishment, operation and funding of a housing trust fund. This resolution also directs the Common Council's Legislative Reference Bureau and the appropriate City officials to draft additional legislation necessary for further Common Council action to implement the endorsed recommendations, including but not limited to an ordinance establishing a housing trust fund and provisions related to its operation and funding. The Task Force shall be dissolved upon Common Council action on this resolution, in accordance with File Number 060069, adopted May 31, 2006.

Body..

Whereas, On December 13, 2005, the Common Council adopted File Number 051017, a resolution establishing a 13-member Affordable Housing Trust Fund Task Force to evaluate and make recommendations relating to the structure, goals, strategies, financial resources and programs for a City of Milwaukee Housing Trust Fund; and

Whereas, The Task Force was given 180 days (until June 13, 2006) to submit its findings and recommendations to the Common Council, and this deadline was later extended to July 31, 2006, by File Number 060069, adopted May 31, 2006; and

Whereas, The Task Force submitted its Final Report and Recommendations to the Common Council in June, 2006, under File Number 060070, a communication transmitting the Final Report and Recommendations of the Housing Trust Fund Task Force; and

Whereas, The report was given a public hearing under the communication file by the Common Council's Zoning, Neighborhoods and Development Committee on July 7, 2006; and

Whereas, The recommendations of the Housing Trust Fund Task Force were as follows:

Financing the Housing Trust Fund

1. The Housing Trust Fund should be funded at a minimum level of \$5 million annually.
2. The City shall issue up to \$5 million in general obligation bonds to fund the Housing Trust Fund in its first year of operation, with debt service being funded by the property tax levy. These bonds should be issued in such a manner that it is clear that bond-sale proceeds will be used for a purpose for which the City would be exempt from the requirement to hold a referendum on the bond sale, as provided in the Wisconsin Statutes. This bond sale should be viewed as a one-time commitment intended to provide start-up funding for the Housing Trust Fund. It is anticipated that funding from other revenue sources, including those for which changes in state legislation are necessary, will provide the funding needed for the Housing Trust Fund in the second and subsequent years.

Assuming a 15-year term and an interest rate of 5%, annual debt service payments for this \$5 million bond issuance would range from \$350,000 to \$583,333.

3. If future City payments from the Potawatomi Bingo Casino exceed the current amount of \$3.38 million per year, the additional revenues shall be dedicated for the Housing Trust Fund. If the casino is expanded, payments to the City could increase by \$2 million to \$4 million.
4. When a tax incremental district is closed, for each of the 4 years immediately following the year in which closure occurred, the City shall designate General Fund revenue for the Housing Trust Fund 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. Thus, for any year in the future – 2010, for example -- the total funds generated for the Housing Trust Fund for that year would be the final-year tax increment (City portion) for all TIDs that were closed in the preceding 4 years (in this case, TIDs that closed in 2006, 2007, 2008 and 2009).

Based on TID-closure years anticipated by the Department of City Development and the Comptroller's projection of the City tax increment from each tax incremental district in the TID-closure year, this option could generate the following revenues for the Housing Trust Fund over the next 10 years:

2007	\$2,674,900
2008	\$3,115,000
2009	\$3,431,800
2010	\$3,684,500
2011	\$1,068,100
2012	\$628,000

2013	\$1,741,300
2014	\$1,712,800
2015	\$1,890,400
2016	\$2,869,400

Note: In developing these projections, the Comptroller's Office assumed that no new TIDs will be created and closed within the 10-year period, that equalized values of TIDs will increase 8% per year over the 2005 equalized value and that the City tax rate will continue to decrease until 2011, after which time it will level off.

5. 80% of the net proceeds from the sale of City-owned vacant land should be designated for the Housing Trust Fund. The remaining 20% would continue to go to the Redevelopment Authority for its administration of the land-sale program. Based on actual City land-sale proceeds over the past 5 years, it appears that this option could generate \$132,000-\$275,000 for the Housing Trust Fund each year.
6. Any payments in lieu of taxes ("PILOTs") received by the City from newly-negotiated PILOT agreements with owners of tax-exempt property should be dedicated for the Housing Trust Fund. Based on recent experience, PILOTs could generate \$20,000-\$27,000 per year for the Housing Trust Fund.
7. The City, through appropriate Common Council resolutions and the efforts of the Department of Administration-Intergovernmental Relations Division, should seek introduction and passage of state legislation that would:
 - Allow revenues from tax incremental districts to be used for housing trust fund 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 available to support local housing trust funds.
 - 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.
 - 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%).
 - 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 the state housing trust fund (if one is created) or to local housing trust funds (if no state housing trust fund is created).
 - 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 the state housing trust fund or, if no state fund is created, to local housing trust funds.

Operation of the Housing Trust Fund

1. The Housing Trust Fund should be administered by the Community Development Grants Administration Division of the City’s Department of Administration. If this agency is unable or unwilling to assume this responsibility, the Department of City Development/Neighborhood Improvement Development Corporation should administer the program. A third, but less-preferred, option would be to have a private, non-profit agency administer the Trust Fund.

While the Housing Trust Fund would be administered by Community Development Grants Administration, requests-for-proposals, public hearings and funding-allocation decisions should be kept separate from the City’s CDBG activities.

2. Oversight of administration of the Housing Trust Fund, as well as final funding recommendations to the Common Council, should be provided by a 13-member advisory board consisting of the following members, who shall serve staggered, 2-year terms:
 - Two Common Council members (appointed by the Common Council President)
 - Two members to be appointed by the Mayor
 - The City Comptroller or his/her designee
 - A non-profit developer (appointed by the Common Council President)
 - A for-profit developer (appointed by the Common Council President)
 - A representative of Continuum of Care
 - A representative of a financial institution (appointed by the Common Council President)
 - A representative of the Local Initiatives Support Corporation
 - A representative of the Metropolitan Milwaukee Fair Housing Council
 - A representative of Independence First
 - A representative of the Interfaith Conference of Greater Milwaukee

(For advisory board members where no appointing authority is specified, the agency which the individual represents shall make the appointment.)

The board should be responsible for evaluating requests for funding from the Housing Trust Fund (after those requests have been submitted to and reviewed by the administering agency). In making funding-allocation decisions, the board should consider a report on Milwaukee’s housing needs that is prepared annually by the Community Development Grants Administration Division and the Department of City Development.

3. A minimum of 25% of Housing Trust Fund dollars should be used to develop housing and provide services for people who are homeless. A minimum of 35% should be used to develop or rehabilitate rental housing. A minimum of 25% should be used to create and maintain home ownership opportunities. The remainder of the Fund (15% or less) should be set aside for “flexible” use to respond to whatever housing needs the advisory board identifies, subject to the income-eligibility requirements of items #7 and #8. In any of these categories, Housing Trust Fund dollars may be used to fund accessibility or visitability improvements or modifications. Each year, at least 2% of available Housing Trust Fund dollars or \$100,000, whichever is less, should be used to fund accessibility improvements or modifications in any of the 3 funding categories (homeless, rental and home ownership).

For all projects financed by the Housing Trust Fund, Trust Fund 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 the project.

4. Rental housing which is supported by the Housing Trust Fund shall remain affordable for a minimum of 30 years, with a review of the affordability requirement at 15 years. The advisory board shall have discretion to remove a particular housing development from the Housing Trust Fund program at the time of the 15-year review.
5. For acquisition, new construction or rehabilitation of an owner-occupied dwelling, a Housing Trust Fund loan should be forgiven if the owner lives in the home for at least 5 years. The requirement to live in the home for at least 5 years could be imposed through a deed restriction. If the owner sells the home before the end of the 5-year period, the owner would be required to reimburse the Housing Trust Fund the entire loan amount unless the property is sold to another income-eligible household.
6. For housing for the homeless, the period of affordability should be 50 years.
7. Financial assistance from the Housing Trust Fund for acquisition or new construction of owner-occupied housing should be limited to households with incomes at or below 100% of the County Median Income (currently \$67,200 for a family of 4), where “income” is as defined on the Census Bureau’s Long Form. For homeowners seeking financial assistance for rehabilitation projects, household income should be limited to 65% of County Median Income (currently \$43,680) for substantial work (e.g., work valued at more than \$5,000) and 100% of County Median Income for more modest projects (e.g., work valued at \$5,000 or less). The dollar values of these income limits will, naturally, be adjusted over time as County Median Income changes.

8. Housing Trust Fund assistance for rental housing and projects for the homeless (acquisition, new construction or rehabilitation) should be limited to projects that serve households and individuals at or below 50% of the County Median Income (currently \$33,600).
9. Housing Trust Fund dollars should be available for home-buying counseling, but agencies providing counseling should be required to demonstrate that they serve low- and moderate-income clients. Also, any organization that receives Housing Trust Fund money for this purpose should be required to prove that it has the ability to assist disabled individuals needing counseling (e.g., the organization offers translation services, materials in Braille, etc.).
10. The advisory board should give weighted consideration to an application for Housing Trust Fund assistance if the proposed project will:
 - Leverage other funds (private and/or public).
 - Serve the lowest-income segment of the population.
 - Extend the term of affordability beyond the minimum required by the Housing Trust Fund.
 - Use workers from the neighborhood and/or give priority to emerging business enterprise contractors.
 - Encourage more neighborhood diversity and increase housing choices within the neighborhood.
 - 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.
 - Facilitate the movement of persons from institutions into the community.
 - Use contractors who pay family-supporting wages.
11. The following accessibility standards shall apply to all new construction or substantial rehabilitation of housing supported by Housing Trust Fund dollars:
 - Section 504 of the Rehabilitation Act of 1973.
 - Fair Housing Act as amended.
 - Americans with Disabilities Act (with respect to marketing-office and common areas).
 - Wisconsin Open Housing Act.
 - Architectural Barriers Act.
 - The design principles of any one of the following:
 - “Aging in place”.
 - “Universal design”.
 - Any other accessible and/or adaptable design criteria approved by the Housing Trust Fund’s advisory board.
 - For new housing units in one- to 3-unit structures, each ground-floor unit shall be constructed to the following “visitability” standards:

- One zero-step entrance to the dwelling unit that will permit a visitor using a wheelchair to enter the main-level floor of the dwelling unit through a doorway entrance that has a minimum 32" clear passage opening.
- A usable path of travel throughout the interior main-level floor of the dwelling unit that is no narrower than 36" at any point except for interior doorway openings with a minimum 32" clear passage opening.
- A powder room (half bath) on the main-level floor that has: 1) a doorway entrance with a minimum 32" clear passage opening; 2) sufficient space to close the entrance door while the room is occupied; 3) a minimum 30" by 48" floor space clearance; 4) reinforced walls for future installation of grab bars to provide access to the toilet if necessary.
- 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.

; and

Whereas, Implementation of any of the recommendations contained in the Task Force's Final Report will require endorsement and implementation by the Common Council via appropriate legislation, including ordinances, resolutions and budget amendments; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the Common Council endorses the following structure and strategies for the financing and operation of the City of Milwaukee Housing Trust Fund:

Financing the Housing Trust Fund

1. The Housing Trust Fund should be funded at a minimum level of \$5 million annually.
2. The City shall issue up to \$5 million in general obligation bonds to fund the Housing Trust Fund in its first year of operation, with debt service being funded by the property tax levy as bond-funded projects are approved by the Common Council. These bonds shall be issued in such a manner that it is clear that bond-sale proceeds will be used for a purpose for which the City would be exempt from the requirement to hold a referendum on the bond sale, as provided in the Wisconsin Statutes. This bond sale should be viewed as a one-time commitment intended to provide start-up funding for the Housing Trust Fund.
3. If future City payments from the Potawatomi Bingo Casino exceed the current amount of \$3.38 million per year, 50% of the additional revenues shall be dedicated for the Housing Trust Fund.

4. When a tax incremental district is closed, for each of the 4 years immediately following the year in which closure occurred, the City shall designate General Fund revenue for the Housing Trust Fund in an amount equal to one-half 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. Thus, for any year in the future – 2010, for example -- the total funds generated for the Housing Trust Fund for that year would be one-half the final-year tax increment (City portion) for all TIDs that were closed in the preceding 4 years (in this case, TIDs that closed in 2006, 2007, 2008 and 2009).

Based on TID-closure years anticipated by the Department of City Development and the Comptroller’s projection of the City tax increment from each tax incremental district in the TID-closure year, this option could generate the following revenues for the Housing Trust Fund over the next 10 years:

2007	\$1,337,450
2008	\$1,557,500
2009	\$1,715,900
2010	\$1,842,250
2011	\$534,050
2012	\$314,000
2013	\$870,650
2014	\$856,400
2015	\$945,200
2016	\$1,434,700

5. Any payments in lieu of taxes (“PILOTs”) received by the City from newly-negotiated PILOT agreements with owners of tax-exempt property shall be dedicated for the Housing Trust Fund, if so designated by the property owner.
6. The City, through appropriate Common Council resolutions and the efforts of the Department of Administration-Intergovernmental Relations Division, shall seek introduction and passage of state legislation that would:
 - Allow revenues from tax incremental districts to be used for housing trust fund 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 available to support local housing trust funds.
 - 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.
 - 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%).

- 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 the state housing trust fund (if one is created) or to local housing trust funds (if no state housing trust fund is created).
- 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 the state housing trust fund or, if no state fund is created, to local housing trust funds.

Operation of the Housing Trust Fund

1. The Housing Trust Fund shall be administered by the Community Development Grants Administration Division of the City’s Department of Administration. While the Housing Trust Fund would be administered by this office, requests-for-proposals, public hearings and funding-allocation decisions shall be kept separate from the City’s CDBG activities.
2. A Housing Trust Fund Advisory Board shall be established to make project funding recommendations to the Common Council for approval. The 13-member Advisory Board shall consist of the following members, who shall serve staggered, 2-year terms:
 - Two Common Council members (appointed by the Common Council President)
 - Two members to be appointed by the Mayor
 - The City Comptroller or his/her designee
 - A non-profit developer (appointed by the Common Council President)
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 - A representative of the Local Initiatives Support Corporation
 - A representative of the Metropolitan Milwaukee Fair Housing Council
 - A representative of Independence First
 - A representative of the Interfaith Conference of Greater Milwaukee

(For advisory board members where no appointing authority is specified, the agency which the individual represents shall make the appointment.)

The Advisory Board shall be responsible for evaluating requests for funding from the Housing Trust Fund (after those requests have been submitted to and reviewed by the administering agency). In making funding-allocation recommendations, the board shall consider a report on Milwaukee’s housing

needs that is prepared annually by the Community Development Grants Administration Division and the Department of City Development.

3. A minimum of 25% of Housing Trust Fund dollars shall be used to develop housing and provide services for people who are homeless. A minimum of 35% shall be used to develop or rehabilitate rental housing. A minimum of 25% shall be used to create and maintain home ownership opportunities. The remainder of the Fund (15% or less) shall be set aside for “flexible” use to respond to whatever housing needs the advisory board identifies, subject to the income-eligibility requirements of items #7 and #8. In any of these categories, Housing Trust Fund dollars may be used to fund accessibility or visitability improvements or modifications. Each year, at least 2% of available Housing Trust Fund dollars or \$100,000, whichever is less, shall be used to fund accessibility improvements or modifications in any of the 3 funding categories (homeless, rental and home ownership).

For all projects financed by the Housing Trust Fund, Trust Fund dollars shall be used to leverage and complement other sources of financing and to close funding gaps. The Trust Fund should not be viewed as the primary source of funds for the project.

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less). The dollar values of these income limits shall be adjusted over time as County Median Income changes.

8. Housing Trust Fund assistance for rental housing and projects for the homeless (acquisition, new construction or rehabilitation) shall be limited to projects that serve households and individuals at or below 50% of the County Median Income (currently \$33,600).
9. Housing Trust Fund dollars shall be available for home-buying counseling, but agencies providing counseling shall be required to demonstrate that they serve low- and moderate-income clients. Also, any organization that receives Housing Trust Fund money for this purpose shall be required to prove that it has the ability to assist disabled individuals needing counseling (e.g., the organization offers translation services, materials in Braille, etc.).
10. The Advisory Board shall give weighted consideration to an application for Housing Trust Fund assistance if the proposed project will:
 - Leverage other funds (private and/or public).
 - Serve the lowest-income segment of the population.
 - Extend the term of affordability beyond the minimum required by the Housing Trust Fund.
 - Use workers from the neighborhood and/or give priority to emerging business enterprise contractors.
 - Encourage more neighborhood diversity and increase housing choices within the neighborhood.
 - 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.
 - Facilitate the movement of persons from institutions into the community.
 - Use contractors who pay family-supporting wages.
11. The following accessibility standards shall apply to all new construction or substantial rehabilitation of housing supported by Housing Trust Fund dollars:
 - Section 504 of the Rehabilitation Act of 1973.
 - Fair Housing Act as amended.
 - Americans with Disabilities Act (with respect to marketing-office and common areas).
 - Wisconsin Open Housing Act.
 - Architectural Barriers Act.
 - The design principles of any one of the following:
 - “Aging in place”.
 - “Universal design”.

- Any other accessible and/or adaptable design criteria recommended by the Housing Trust Fund Advisory Board and approved by the Common Council.
- For new housing units in one- to 3-unit structures, each ground-floor unit shall be constructed to the following “visitability” standards:
 - One zero-step entrance to the dwelling unit that will permit a visitor using a wheelchair to enter the main-level floor of the dwelling unit through a doorway entrance that has a minimum 32” clear passage opening.
 - A usable path of travel throughout the interior main-level floor of the dwelling unit that is no narrower than 36” at any point except for interior doorway openings with a minimum 32” clear passage opening.
 - A powder room (half bath) on the main-level floor that has: 1) a doorway entrance with a minimum 32” clear passage opening; 2) sufficient space to close the entrance door while the room is occupied; 3) a minimum 30” by 48” floor space clearance; 4) reinforced walls for future installation of grab bars to provide access to the toilet if necessary.
- Any of these standards (except standards imposed by federal or state law) may be waived or reduced by the Common Council if project site conditions are unsuitable, but any such waiver does not exempt the project from all other applicable requirements regarding accessibility and visitability.

;and, be it

Further Resolved, That the Common Council’s Legislative Reference Bureau and the appropriate City officials are directed to draft legislation necessary for further Common Council action to implement the recommendations endorsed herein, including but not limited to an ordinance establishing a Milwaukee Housing Trust Fund and provisions related to its operation and funding; and, be it

Further Resolved, That the Housing Trust Fund Task Force is dissolved as provided in File Number 060069, adopted May 31, 2006, which provided that the Task Force shall be dissolved upon Common Council final action on Final Number 060071, a resolution relating to the recommendations of the task force for the operation and funding of a housing trust fund.

..Requestor

..Drafter
LRB06229-3
JDO
09/22/2006