



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Meeting Minutes

HOUSING TRUST FUND ADVISORY BOARD

ALD. MICHAEL MURPHY, CHAIR

Bethany Sanchez, Vice-Chair

Cecelia Gore, Craig Kammholz, Chris Laurent, Vincent Lyles, Cathie Madden, Brian Peters, Ray Schmidt, Mike Soika, Michael Van Alstine

Staff Assistant, Terry MacDonald

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Tuesday, September 11, 2007

1:30 PM

Room 301-A, City Hall

Meeting convened: 1:41 P.M.

1. Roll call

Present 11 - Murphy, Soika, Kammholz, Van Alstine, Sanchez, Peters, Dummer Combs, Gore, Schmidt, Lyles and VACANT

Excused 2 - Madden and Laurent

Also present: Tom Gartner-Assistant City Attorney, Marianne Walsh-Manager-LRB-Fiscal Review Section, Jeff Osterman-Legislative Reference Bureau, Steve Mahan-Community Block Grant Director and Garry Werra-DOA-Community Block Grants Admin.

2. Approval of the minutes of the July 10, 2007 meeting

Mr. Soika moved approval of the minutes, Ms. Gore seconded. There were no objections.

3. Presentation given by Ms. Martha Brown relative to the Special Needs Housing Action Team study

Ald. Murphy introduced Ms. Martha Brown the Deputy Commissioner of Department of City Development and one of the staff persons for the "Special Needs Housing Action Team (SNHAT)."

Ms. Brown handed out a summary of her presentation (Exhibit 1) and said Ms. MacDonald has already distributed copies of the "Special Needs Housing Action Team, June 2007, Report" (Exhibit 2) to all the members.

Ms. Brown explained how the "Special Needs Housing Action Team" came about and gave an overview of each of the members appointed to the team.

Ms. Brown said that Mayor Barrett and County Executive Walker had asked the team to do the four things that are listed under "Charge" on her summary. She explained each of those charges and then went on to explaining the five key points under the "Elements of successful special needs housing" and the three key points under the "Key Development challenges" that were also shown on her summary. She then explained each of the eleven recommendations that were offered by the Special Needs Housing Action Team. Ms. Brown ended her presentation with an update on the progress of the recommendations.

Mr. Soika asked if the SNHAT did an analysis on how many units of support housing are needed?

Ms. Brown replied in the affirmative. She said that there were two analyses done. The first one is detailed in the report and that was done by the Staff of the Behavior Health Division of Milwaukee County. She said the County did a survey of all its case workers based on the case worker's observation, but their numbers were low because many of the mentally ill do not seek services on their own. She said the second analysis is being done by the Plan Council, which was contracted by the County and is a more detailed analysis, but was not included in the report because it is not complete yet.

Mr. Soika asked what is the number of clients that the County used in its survey?

Ms. Brown replied that it was about 400 clients. She said the details of the County's analysis are on page 8 of the report.

Ms. Gore asked Ms. Brown if she knows how many projects are near ready to go.

Ms. Brown replied that they are aware of two projects that are well along and a third that is deep in the planning stage. She said those three projects will provide about 140 units.

Ald. Murphy asked what are the names of the two projects that are well along.

Ms. Brown replied that one is the Guest House, which is a 30 unit project and is located at 1218 W. Highland Ave., the second one is the United Christian Church on 26th and Center and the third is Mercy House.

Ald. Murphy asked if the first two have all their financing in place yet.

Ms. Brown replied in the negative.

Ms. Sanchez asked where is Mercy located?

Ms. Brown replied that Mercy has not shared their location yet.

Mr. Peters said that from his perspective, supportive housing is sometimes a code word for segregated housing and asked what kind of efforts will be made to make sure those housing units will be integrated into the community?

Ms. Brown replied that that question was discussed in great length by the team and the team concluded that quality supportive housing development is integrated in the community. She said some of the team members went down to Chicago to visit the Hartland and Mercy development and said they were impressed with the staff there who are devoted full-time to community outreach. For example, residents are encouraged to join block clubs and to become leaders of the block clubs and leadership training is offered.

Mr. Peters asked what kind of services are required that Ms. Brown alluded to earlier?

Ms. Brown replied that it was concluded by the team that the most important services needed are case management. She said case management would help residents get connected with community services that they need.

Mr. Peters asked who will be appointing the members to Commission on Supportive Housing (CSH)?

Ms. Brown replied that the Mayor, the County Executive, the President of the Common Council and the President of the County Board would be responsible for the appointments. She also directed the committee members to page 17 in the report that shows the details of the appointments to the CSH.

Mr. Peters said that at one point West Samaria was nice, but it has a lot of problems now and asked Ms. Brown how will Milwaukee County prevent similar problems from happening with proposed projects in the future?

Ms. Brown said that West Samaria was heard before the Board of Zoning Appeals (BOZA) last week and said West Samaria is operating under a special use permit from the BOZA and they had to submit a plan of operation that specifies certain bench marks that they have to meet. She then explained some of the problems that took place at West Samaria. She said the biggest barrier is probably money.

4. Discussion on current housing trust fund legislation

Ald. Murphy referred to an Article in today's Journal/Sentinel (Exhibit 3) that says that Mayor Barrett plans to put \$400,000 in the 2008 Budget for the housing trust fund. He said that there was a difference of opinion in terms of the interpretation of the housing trust fund legislation as to what those dollars figures would be. He said there was a City Attorney's opinion requested by the Mayor on a point of contention regarding the comptroller interpretation of the legislation as it relates to the Potawatomi monies. He said he doesn't expect the Mayor to change his position, since the budget is to be submitted to the printer by September 19, 2007 and to the Common Council on September 25, 2007, and also we don't have a state budget yet.

Ald. Murphy asked Assistant City Attorney Gartner to appear to discuss the release of the applications.

Atty. Gartner said that one of the problems he has come across with the application is that the way the application is currently structured, it leaves it up to the applicants to make the determination as to whether they are going to apply for grant funds or loan funds. He said it may be difficult to analyze and compare applications.

Atty. Gartner also said that he would not be able to do a term sheet until the application has been received. He further said that as far as the term sheet, each application will have to be negotiated differently.

Ald. Murphy asked Mr. Mahan if he would rather have more direction or have the latitude as far as the term sheets.

Mr. Mahan said that right now the way the legislation is written, it is very open to the types of activities that will be funded. He said if the board wants to concentrate on capital projects as the first type of activity that will be funded, that would simplify it. He said it is very hard to nail down what is submitted when it is an unlimited application. He further said that the applications will be weighed heavily by the board after Housing Trust Fund Advisory Committee Technical Review Subcommittee reviews them for compliance.

Ald. Murphy referred to page eight of the application (Exhibit 4) and said that the dollar

amounts listed would have to be changed if this board chooses to go with funding only capital projects in the first funding phase. He suggested that if it is the will of the board to have the first round of funding go to bricks and mortar projects and still have \$375,000 under "Other Needs as Identified" and add the home-buyer counsel services and post-purchasing services into that category. He asked if there could be a better definition or clarity.

Mr. Mahan replied that the funds available are just stated as the maximum in each category and that there has been talk of bricks and mortar projects being the priority.

Ald. Murphy said that a cover letter should be sent along with the application that would say that the focus will be on bricks and mortar projects.

Ald. Murphy asked that page eight of the application be amended as follows:
"Homelessness" should be amended by deleting "Provide Supportive Services."
"Rental Housing" will stay the same.
"Home Ownership" will be amended by moving "Homebuyer Counseling Services" and "Post-Purchase Counseling Services" under "Other Needs as Identified."

Ms. Gore asked how "Supportive Services" would be weighed, if it is a critical issue, as it relates to the success of the project.

Ald. Murphy replied that there is a scoring measure attached to the application and that when an activity comes in under that category it would be weighed accordingly.

Mr. Peters said that his understanding was that the remaining %15 of funds would be moved to any of the other three categories, if needed, and would not be a separate category by itself.

Mr. Soika replied that on page two of the application, under 'Funding Guidelines', fourth bullet point, it states that "The remainder of the Fund (15% or less) is available for "flexible" use to respond to any other housing needs identified by the Advisory board, subject to the requirements of the housing trust funds."

A motion was made by Mr. Kammholz to move the first sentence on page three of the application to the first paragraph on page two. There were no objections.

Mr. Van Alstine said that moving support services under the "Other Needs as Identified" could cause confusion, because we would be implying that there is \$375,000 in funding available for support services.

Mr. Soika said that they could solve that problem by adding a bullet point under "Other Needs as Identified" that would say that those funds may be use for any of the other housing categories listed or for supportive services.

Mr. Mahan said that he recalls that there weren't going to be upportive services at all for the first phase of funding.

Ald. Murphy said it wasn't the legislation's intent.

Mr. Mahan asked if this first phrase of funding is going to be for bricks and mortar projects or is it going to be for supportive services also?

Ms. Sanchez said that the priority was going bricks and mortar projects, but the door was

to be left open for other needs. She asked if that would be hard to administer?

Mr. Mahan replied in the affirmative and said if it was up to his department all the money should go for bricks and mortar until they can figure out how the process is working.

Mr. Lyles said the issue of sustainability of the fund is very important. He said that as for the bricks and mortar projects, they should put in the application, under "Funding Decision" that the City has the ability to negotiate a financing strategy with the applicant.

Ms. Gore said that she recalls that requests for supportive services would need to be connected to the capital project.

Ald. Murphy said they should commit all the monies to bricks and mortar projects and once the projects are up and running and then if they get additional monies from outside entities they could then look at the supportive services category.

Mr. Lyles asked if they should look at limiting the monies given to one particular project in the first round?

Mr. Mahan replied that any project that would need tax credits would leave a gap of about 30% of their entire budget and that the technical subcommittee would address the gap issue. He also said that half of the project's budget will be leveraged by grant.

Ms. Sanchez said that homeless developments are going to be an on-going need that need to be address one way or another. She then asked if they should make a distinction between bricks and mortar only or bricks and mortar and home-owner counseling versus supportive services, because there is a huge need in Milwaukee on how to avoid foreclosures and she feels they shouldn't cut-off the funding possibility.

A motion was made by Mr. Soika to limit all the funding to bricks and mortar projects. There were no objections.

Ald. Murphy said that the \$375,000 under "Other Needs as Identified" will have to be redistributed between the other three categories.

Mr. Kammholz asked if Mr. Lyles recommendation relating to negotiations be added to the application under "Funding Decision."

Mr. Werra replied that on page seven of the application, under the "Funding Decision" there is a statement that says "City Attorney to provide language regarding all awards subject to negotiation on final terms." He said that should cover the negotiation issues.

A motion was made by the Mr. Soika and seconded by Mr. Schmidt that the application be released as amended. There were no objections.

5. Report given by Mr. Vincent Lyles the Chair of the Housing Trust Fund Advisory Board Finance Subcommittee

Ald. Murphy asked Mr. Lyles to give his report.

Mr. Lyles said the Housing Trust Fund Advisory Board Finance Subcommittee has met on a regular basis and it came up with a couple of ideas. He said one of those ideas was to send a letter to the Mayor to encourage him to put funding in his 2008 budget for the housing trust fund, which was recently sent.

6. Discussion on policies and procedures of the Housing Trust Fund

Mr. Mahan handed out a draft copy of the "Administrative Policies and Procedures for the City of Milwaukee Housing Trust Fund" (Exhibit 5). He said these policies and procedures will need to be finalized before the board can start reviewing the applications.

Mr. Mahan read into the record each of the items listed on the draft copy of the "Administrative Policies and Procedures for the City of Milwaukee Housing Trust Fund." He said some of the policies and procedures cannot be deviated.

Mr. Mahan said that under "General Criteria" he will be striking #6 from it entirely, because it isn't necessary.

Mr. Mahan directed committee members to page 2, under "Fiscal Procedures" section, item #9, and said that the "Policy on changes in salary levels of HTF funded positions" hasn't been discussed and asked the committee for a decision on what the minimum salary amount should be for supportive services?

A motion was made by Mr. Kammholz to take item #9 out for 2007. There were no objections.

Mr. Mahan said that under the "Procurement Policies" on page 4, the dollar amounts listed are too low if they are planning on going with capital project only. He asked the members what they would recommend?

Ms. Gore asked Mr. Mahan what he would recommend?

Mr. Mahan replied that he would recommend some kind of bid process so that they are documented.

Ald. Murphy asked what would the minimum dollar figure be?

Mr. Mahan replied that the HUD standard is \$100,000 and the City's is \$30,000.

Mr. Kammholz said they should use the City's policy.

Ald. Murphy agreed and said they should use the City's dollar amount of \$30,000.

Mr. Mahan said that if any of the committee members have any questions, etc. regarding the draft "Administrative Policies and Procedures for the City of Milwaukee Housing Trust Fund", they should have them to him by the October 9, 2007 Housing Trust Fund Advisory Board meeting. He said the policies and procedures will need to be finalized and approved at that meeting.

Mr. Mahan handed-out a housing trust fund proposed schedule for 2007(Exhibit 6) and gave a brief overview of it.

Mr. Kammholz said that the schedule shows the term sheet negotiations will begin on December 20, 2007 and said that seems a bit late. He said that the negotiations of the term sheets should be done before the Zoning, Neighborhoods & Development Committee and the Common Council approves the applications.

Mr. Mahan replied that they could roll the term sheet negotiations into the HTFAB

Technical Review Subcommittee time frame, which will be between October 17th and October 31st.

Meeting adjourned: 3:24 P.M.

Terry J. MacDonald
Staff Assistant

Special Needs Housing Action Team

- Appointed jointly by Mayor Tom Barrett and County Executive Scott Walker, November 2006
- Charge
 - Support the Milwaukee Continuum of Care in its efforts to maximize the amount of HUD funding coming to Milwaukee County for housing development projects that serve homeless and special needs populations.
 - Assess the local special needs housing infrastructure.
 - Develop practical strategies to housing developers assemble the elements needed for successful special needs housing: sites, financing, and services that support residents.
 - Establish strategies to secure diverse range of fiscal resources needed to develop and operate special needs housing.
- Elements of successful special needs housing
 - Affordable to very low income individuals whose primary source of income is SSI.
 - Safe and comfortable.
 - Housing design serves as a springboard to increased independence.
 - Housing provides support services that are accessible, flexible and target residential stability.
 - Housing provides site-based case management to residents who choose to take advantage of them.
- Key development challenges
 - Tenant income insufficient to offset development and operations costs. Extraordinary levels of subsidy from many sources are required.
 - Enriching housing units with appropriate services, and finding resources to sustain service delivery.
 - Possibility of neighborhood opposition.
- Report issued June 2007
 - Establish permanent Commission on Supportive Housing.
 - Provide visibility for supportive housing needs.
 - Establish community goals and monitor progress.
 - Appoint City-County Supportive Housing Development Committee for ongoing staff-level coordination.
 - Assist supportive housing developers to get information about resources available for development and support services.

EXHIBIT

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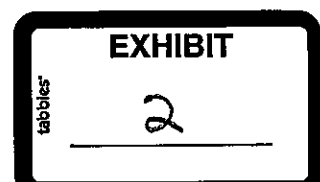
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- Advise bodies that make funding decisions. Recommend allocations and seek set-asides.
 - Develop local supportive housing templates/models.
 - Develop local zoning template.
 - Establish a fund to fill the equity gap in capital funding needs for supportive housing proposals.
 - City, County and Continuum of Care should coordinate application processes and deadlines for programs that provide resources for supportive housing.
 - Mayor and County Executive should convene philanthropic community to discuss their role.
 - City, County, philanthropic community and Continuum of Care members should provide greater financial support to more adequately staff Continuum of Care.
 - Seek appointment of a supportive housing developer to WHEDA's Qualified Allocation Plan Advisory Committee.
 - Seek changes in WHEDA's QAP formula, including set-aside of low income housing tax credits for supportive housing projects.
 - Urge Gov. Doyle to support creation of state low-income housing tax credit to be used exclusively for supportive housing projects.
 - Seek appointment of individual with knowledge of supportive housing to Community Investment Advisory Council of Federal Home Loan Bank of Chicago.
 - Seek partnership from State and federal government to adequately fund treatment and support services for individuals with mental illness.
- **Progress to date**
 - City Council and County Board considering legislation to establish permanent supportive housing commission.
 - 2008 Milwaukee County budget proposes new housing division and additional funds for supportive housing development.
 - City and County budget propose funds to staff Continuum of Care.
 - WHEDA has been asked to appoint supportive housing developer to QAP advisory committee.
 - City and County staff working together on specific projects.

Special Needs Housing Action Team

Final Report

June, 2007



Letter of Transmittal

June, 2007

The Hon. Tom Barrett
Mayor, City of Milwaukee

The Hon. Scott Walker
Milwaukee County Executive

Dear Mayor Barrett and County Executive Walker:

We the members of the Special Needs Housing Action Team have completed the assignments you have given us and submit herewith a report of our findings and recommendations for your review and implementation.

We thank you for demonstrating the leadership and vision that brought the members of this Team together to address one of this community's most pressing issues: the need to develop safe, decent and affordable supported housing for persons with mental illness. We believe that the findings discussed in this report and the recommendations we have made will result in better housing choices, better care, and ultimately a better quality of life for these individuals.

We are honored to have been asked to be a part of this important initiative, and we offer our assistance to you and your staffs in ensuring that these recommendations are implemented. Thank you again for allowing us to be of service in addressing this critical community need.

Respectfully Submitted,

Tim Beaudoin
Tom Brophy
Supv. Lynne DeBruin
Kathryn Dunn
Scott Gelzer
Sr. Lucina Halbur
Peter Hoeffel
Paula John
Adam Kroshus
Cheryl Lofton

Jim Marks
Lynn Oehlke
Tony Perez
Connie Pukaite
Leo Ries
Dr. Lucille Rosenberg
James Tarantino
Julia Taylor
Jerry Tepper

Executive Summary

The Special Needs Housing Action Team appointed by Mayor Tom Barrett and County Executive Scott Walker examined a broad range of issues that underlie the documented shortage of appropriate housing options for persons with mental illness in Milwaukee County. This evaluation led the Action Team to formulate recommendations designed to improve inter-governmental cooperation and broaden the sources of financial support for supportive housing development. For the last 30 years, public policy has mandated the deinstitutionalization of persons with mental illness. The Action Team believes that in order to address the unmet needs that have resulted, all levels of government must coordinate their policies, priorities and resources to provide adequate housing and services in the community.

It is clear from our research that supportive housing models that incorporate services necessary to support stability and recovery provide an exciting alternative to the far less adequate residential choices available to many persons with mental illness. This approach also may require an upfront investment of resources that may be more costly at first, but that ultimately should produce better and more cost-effective results than our current system. This approach also may offer lessons to guide improvements in existing housing that serves persons with mental illness.

Because of the work of the Continuum of Care, the presence of private developers new to Milwaukee who specialize in supportive housing, and the commitment of both City and County government to invest in quality housing for persons with mental illness, we are beginning to see significant progress in efforts to implement supportive housing models here. Those efforts will expand to meet the need only when State and federal governments also increase their commitment to provide adequate funding for both housing development, operation and service delivery.

Introduction

Throughout 2006, a series of articles in the *Milwaukee Journal Sentinel* focused attention on the lack of safe, decent and affordable housing in Milwaukee County for poor persons suffering from mental illness. The series highlighted a lack of coordination among various agencies in meeting the housing needs of vulnerable citizens. It also criticized local efforts to maximize housing funding from federal sources.

In response to these stories, Mayor Tom Barrett and County Executive Scott Walker convened a meeting of top city and county officials, officials from the U.S. Department of Housing and Urban Development (HUD), and representatives from the Milwaukee foundation community to determine what we might collectively do as a community to address this critical issue. One of the outcomes of that meeting was an agreement to form an inter-agency special needs housing Action Team. The Action Team was charged with the responsibility of completing four tasks:

1. Support the Milwaukee Continuum of Care (CoC) in its efforts to maximize the amount of HUD funding coming to Milwaukee County for housing development projects that serve homeless and special needs populations.
2. Assess the local affordable special needs housing infrastructure, identify the biggest gaps in that infrastructure, define the highest priority need, and develop a vision and roadmap for creating a sufficient supply of safe, decent and affordable housing for Milwaukee County's most vulnerable residents.
3. Develop practical strategies to help housing developers assemble the elements needed for successful special needs housing: sites, financing, and services that support residents.
4. Identify and establish strategies to secure the diverse range of fiscal resources that will be necessary for the continued development and support of affordable housing for persons

suffering from mental illness and/or substance abuse, including non-governmental sources of funding from foundations, corporate donors, etc.

Mayor Barrett and County Executive Walker invited representatives of government, local foundations, social service providers, mental health professionals, housing developers, advocacy groups and mental health consumers to join the team. City and county staff supported the group. A complete list of members and staff is found in Appendix I at the end of this report.

The Special Needs Housing Action Team held its first meeting on December 5, 2006 and met regularly for the first half of 2007. The group heard presentations from individuals representing a variety of perspectives regarding special needs housing development. Presenters included the U.S. Department of Housing and Urban Development (HUD); the Wisconsin Housing and Economic Development Authority (WHEDA); the Milwaukee Continuum of Care (CoC); the Milwaukee County Behavioral Health Division (BHD); the Milwaukee Department of City Development (DCD); agencies that provide services to people with mental illnesses; supportive housing developers; supportive housing operators; and consumers of mental health services who live in or are in need of supportive housing.

This report addresses the four tasks of the Action Team in the order given above. The recommendations are outlined in the "Recommendations" section following the discussion of the tasks.

A Word About "Special Needs" Housing...

Throughout the Action Team's discussions, several members frequently expressed the view that the Action Team's charge and focus on "special needs" housing is too narrow, and that this narrow focus has two negative impacts: 1) It obscures the important larger reality that the lack of decent, safe and affordable housing is a function of poverty in the community, not mental illness; and 2) It implies embracing a "segregated" approach to addressing the housing needs of

people with mental illness, suggesting that housing for this population can or should be physically isolated from housing in the community at large.

The Action Team wishes to state that it fully acknowledges the accuracy and legitimacy of these concerns. However, the Action Team believes that this cannot and should not prevent it from addressing the specific needs of this population, since it is equally clear that mental illness often makes it even more difficult to obtain affordable permanent housing. The duty to address the adverse effects of poverty in the community and society at large are well beyond its scope and capacity. In limiting its scope, however, the Action Team wishes to make it clear that it strongly supports approaches that integrate housing options for people with mental illness into other housing in the community.

The Action Team has used the term "special needs housing" to mean housing for people with mental illnesses (such as those served by BHD), and/or housing for people who are homeless (such as those assisted by programs supported by grants made to the Continuum of Care). Individuals living in special needs housing may require varying levels of on-site support, ranging from periodic visits by case managers to 24-hour presence of property managers and clinicians at the facility. This report uses that definition for the term "special needs housing."

Task 1: *Support the Milwaukee Continuum of Care*

The Milwaukee Continuum of Care (CoC) is an unincorporated coalition comprised of representatives of government, non-profit organizations, funding sources, advocacy groups, consumers, and other interest groups. The CoC is designated by HUD as the entity responsible for coordinating the homeless services system in Milwaukee, specifically for planning and coordination pursuant to the completion of the community's annual response to the HUD Notice of Funding Availability (NOFA) for the Supported Housing Program.

As noted above, one of the primary charges given to the Special Needs Housing Action Team by County Executive Walker and Mayor Barrett was to develop strategies to assist the

Continuum of Care in its efforts to maximize the receipt of Federal homeless assistance dollars in Milwaukee County. The Action Team is pleased to note that significant progress already has been made toward that goal. The CoC developed several internal improvements in preparation for the 2006 and 2007 NOFA applications, and it has also worked closely with the City, County and Action Team to coordinate efforts to assist viable development projects and to better understand and strategically respond to HUD requirements and policy directives. Because significant improvements already have been made, there is now a limited need to propose new strategies. However, a key recommendation regarding appropriate administrative funding for the CoC is contained in the "Recommendations" section of this report.

To fully appreciate the progress that has been made by the CoC, it is important to understand the HUD application process and its components. The annual CoC application for HUD Supportive Housing and Shelter + Care funding has two components: 1) an Exhibit 1, which is a detailed description of the CoC's membership, activities, performance, and proposed project; and 2) an Exhibit 2, which is a funding proposal for each project in that year's CoC portfolio.

The success of the Milwaukee package depends upon the points awarded to Exhibit 1. In other words, if Exhibit 1 fails to score sufficient points, the entire package will fall below a threshold established by HUD for fully funding proposals submitted in that year. In 2005, the Milwaukee Continuum scored 80.5 points on a 100-point scale, placing the Continuum 1.5 points below the HUD cut-off score of 82.0 points. The scoring deficiency was the result of several factors, including low housing emphasis (i.e., the percentage of funds requested devoted to housing costs vs. the provision of supportive services); insufficient leveraging of additional resources; and the lack of a new permanent housing project. As a result of the low score, Milwaukee projects that had generally requested two- or three-year funding were only awarded funds for one year, and no new projects were funded. The CoC received an award of \$4,623,629 in 2005.

Several changes were implemented in the 2006 application to improve scoring, including more aggressive management of the Continuum's portfolio of projects to increase housing emphasis, improved compliance with information system requirements, and the inclusion of a large

new permanent housing project for chronically homeless individuals. The 2006 CoC application fared significantly better than 2005, receiving an award of funding totaling \$10,486,582.

In the interest of securing the most viable permanent housing projects possible, the CoC issued a request for letters of interest in late 2006 and conducted a permanent housing application and review process shortly thereafter. By moving the Continuum's selection process up several months, the prospective housing projects were able to leverage the Continuum's commitment in their applications for Low Income Housing Tax Credits and other resources. This process was modeled on the Continuum's customary proposal application and peer review process and will be utilized in the 2007 cycle with refinements as appropriate to meet the timelines of other critical funding sources.

The Continuum's 2007 application will include 34 distinct project proposals. Aggressive management of the project portfolio continues, but the CoC has also set higher performance standards for projects being considered for renewal in this cycle. The Continuum also has selected two new permanent housing projects, which will be ranked #1 and #2 on the priority list. The first of these projects will receive the Samaritan Housing Bonus of \$950,000.

Another important improvement in 2007 was Milwaukee County's provision of funding support that enabled the CoC to secure a full-time coordinator. Supplementing the administrative coordination provided by Community Advocates and technical support provided by an outside consultant, this position will greatly enhance the Continuum's overall operation and effectiveness. Also this year, Continuum members have improved performance on key HUD indicators, successfully managed the transition of resources from ANET to a permanent housing project, transferred a permanent housing project from a nonprofit that dissolved to another Continuum organization, achieved 100% information system compliance, and addressed critical issues in transitional housing outcomes, employment programming, and access to mainstream resources.

Task 2: *Assess the special needs housing infrastructure*

Assessing the need for supportive housing and determining the community's ability to meet those needs are not simple tasks. The *Milwaukee Journal Sentinel* housing series noted that hundreds of people with mental illness are living in squalor in the community. There is no doubt that statement is true, but in order to address this problem, it is also necessary to understand the severity of mental illness experienced by individuals who are living in substandard housing, what (if any) treatment programs they are accessing, whether they agree that their current housing situation needs to be improved, and whether their individual circumstances make them eligible for the type of supportive housing that the Action Team and others believe must be developed in this community.

The Action Team acknowledges that significant additional work needs to be done in order to comprehensively assess the need for additional housing units in Greater Milwaukee to serve persons with mental illness. However, information on housing needs does exist for two specific populations of individuals: persons who are participants in BHD's Community Support Program (CSP) and Targeted Case Management (TCM) program, and persons who are homeless.

In an attempt to begin quantifying the need for housing for people with mental illnesses, BHD's Service Access to Independent Living (SAIL) staff conducted a survey of all case managers in the CSP and TCM programs between August 22, 2006, and September 28, 2006. The survey objective was to obtain a "snapshot" of the housing circumstances and housing needs of all the clients of these programs at a given point in time.

Each case manager was asked to complete an Internet-based survey for each of the clients assigned to her or him at the time of the survey. An identifying medical record number was included on the survey, which allowed BHD to follow up with contracted agencies with regard to enrolled clients for whom surveys had not yet been submitted. There were a total of 2,474 enrollments in the two community-based programs on the date the survey was launched; by the end of the survey, 2,463 unique client surveys had been submitted.

The analysis of the survey results disclosed 14 clients (0.6%) living “on the street or in shelters.” Another 66 clients (2.7%) lived in housing which, in the case manager’s assessment, met the HUD definition of “substandard.” Combining these two, therefore, a total of 80 mental health consumers (3.3%) enrolled in BHD’s TCM and CSP programs had substandard housing by HUD criteria in September 2006.

Staff were concerned that even the broad HUD definition of substandard housing might not capture the whole story, so the survey also asked case managers to assess whether the consumer’s present housing environment promoted the consumer’s mental health recovery, *regardless of whether the housing was substandard or not*. Including all those who were homeless or in substandard housing, a total of 404 clients (16.7%) were considered by their case managers to be living in environments that *did not* promote their mental health recovery. That is, there were 324 clients who were not in substandard housing but who were not in environments conducive to recovery.

This survey did not address housing concerns for consumers involved in outpatient treatment with Milwaukee County BHD. There are approximately 3,600 consumers in this level of care. Consumers who participate in outpatient treatment are predominantly low income individuals without insurance and whose illnesses are not as severe as those involved in targeted case management or community support programs. BHD has contracted with the Planning Council to find more specific data on what the housing needs are for all consumers involved in the BHD mental health system. This effort is already underway and will be finalized in 2007.

In terms of housing infrastructure for persons with mental illness who are enrolled in BHD programs, BHD has existing contracts to provide a continuum of housing options to those consumers. There are currently 130 Community-Based Residential Facility (CBRF) beds available for consumers requiring a highly structured level of care. There are also 42 supported apartment beds that can provide shared apartment units to consumers with some on-site support, and the county also operates a 7-bed Transitional Housing Program at West Samaria.

HUD-funded units are also available: 23 transitional housing beds through the Safe Haven program that provides safe and affordable housing to homeless individuals with disabilities in a supported setting; and 309 subsidized permanent apartment units under the Shelter + Care program for consumers who meet the HUD definition of homelessness and who are involved in long-term case management. The Shelter + Care HUD-funded units used by BHD consumers are a part of a larger Continuum of Care network of permanent housing units that total 653, as stated in the 2006 HUD application.

The CoC, for its part, is also required to assess the need for housing in the community as part of its annual application process. According to the CoC's 2006 application, there was/is an unmet need of 387 units of permanent housing in Milwaukee for individuals who are considered homeless using HUD criteria. It is unclear how many of those individuals have been diagnosed with mental illness and/or are participants in BHD programs.

There are also many housing providers in the community who do not have a formal contractual relationship with Milwaukee County, but who nevertheless provide safe, clean and affordable housing to people with mental illnesses, both those receiving case management or other services from BHD, as well as those who are not and do not wish to be served by BHD. Consumers rent apartment units directly from many private landlords, room-and-board and rooming-house operators. They live in duplexes, triplexes and single-family homes. The Housing Authority of the City of Milwaukee (HACM) states that it provides permanent housing to almost 400 individuals with mental illness. BHD relies on all of these forms of housing to meet the various housing needs of its consumers, and the vast majority live safely and successfully in them.

Compounding the difficulties in assessing the level of need in the community is the fact that for a variety of reasons, many persons with mental illnesses and substance abuse issues are not and never have been connected with the public mental health treatment system in Milwaukee County. In order to serve their housing and treatment needs, individuals must either voluntarily

seek services from BHD or be brought to BHD's crisis service involuntarily under an emergency detention. Until one or the other of these contacts occurs, an accurate and complete assessment of the housing needs of these individuals will be difficult to obtain, and serving their needs through the mental health system will be impossible.

The following summarizes recent efforts to assess the housing needs of persons with mental illness:

- **2,463** persons with mental illness enrolled in BHD's Community Support Program and Targeted Case Management Program in September 2006 were assessed regarding their housing conditions at that time.
 - 14 (0.6%) were living on the street or in shelters
 - 66 (2.7%) lived in substandard housing as defined by HUD
 - 324 (13.1%) lived in housing environments not conducive to recovery
- **387** people were identified by the Milwaukee Continuum of Care as homeless under HUD's homeless definition, and in need of housing with service coordination.
- **3,600** individuals receiving Milwaukee County Outpatient Treatment, whose treatment needs were considered less severe, were not included in the September 2006 housing assessment, but are predominantly low-income and may also be in need of supportive housing.

The following summarizes infrastructure known to be available to meet this need. This summary does not include housing providers who do not have a formal contractual relationship with public sector entities but who nevertheless provide housing to persons with mental illnesses.

- **130** beds under BHD contract in Community-Based Residential Facilities
- **42** supported apartment beds funded by BHD

- 7 transitional housing beds funded by BHD in West Samaria
- 23 Safe Haven beds funded by HUD
- 309 Shelter + Care beds funded by HUD
- 400 units of housing provided to persons with mental illness by HACM

Task 3: *Elements of successful special needs housing, and development challenges*

According to the Continuum of Care 2006 Housing Inventory, there are nearly 700 units of existing permanent supportive housing in the Milwaukee. They have been developed by a variety of organizations and partnerships, and receive operating support from both public and private sources. Testimony to the Action Team, and multiple studies of special needs housing nationally, identify several common elements that create a successful independent living environment for individuals who have mental illness or who are homeless. These elements are:

- Housing must be **affordable**. Mental health problems can severely restrict earning potential, and most residents of special needs housing are poor. Mercy Housing, the largest supportive housing provider in the Midwest, told the Action Team that its average resident income is less than \$9,000/year. Rents must be extremely low to make supportive housing available to those who need it most.
- Housing must provide **safety and comfort**. This requires high-quality physical facilities and top-notch property management. A report entitled “Transforming Housing for People with Psychiatric Disabilities Report” and published in 2007 by the U.S. Department of Health and Human Services, notes that “...poor housing is correlated with poor community adjustment outcomes.... Greater choice in housing is also positively correlated with happiness and life satisfaction ratings and, ultimately, with community success.” According to the Milwaukee Mental Health Task Force, “Failure to attend to this issue diminishes the promise of integration for persons with psychiatric disabilities and undermines the goal of recovery.”

- Housing must include elements that tenants can utilize as a springboard to increase their **levels of independence**. Some supportive housing providers provide job training, literacy tutoring, and tenant employment programs. Others encourage resident councils and involvement in local block watch organizations. Housing that mixes several populations was viewed as most likely to foster independence.
- Housing must provide **support services** that are accessible, flexible and target residential stability. The Action Team heard testimony from a number of consumers who discussed the importance of case management, opportunities for social interaction, and peer mentoring relationships. Mary Neubauer, a certified peer support specialist who has battled mental illness and experienced several periods of homelessness, called for “places where people can succeed.”
- Fundamental to the success of special needs housing is the presence of **site-based case management**, especially where large numbers of individuals with mental illnesses are living. In recent years, the term “supportive housing” has been used to describe residential buildings in which case management services are available on site to residents who choose to take advantage of them. On-site case managers play two complementary roles. They connect residents with appropriate services, and communicate regularly with property managers and housing subsidy providers in order to ensure that the housing quality contributes to the stability and recovery of the residents.

According to the Corporation for Supportive Housing, “Supportive housing is proven to help people who are persistently homeless find stability in a home of their own. Supportive housing’s combination of permanent, affordable housing and available services works well for people who face the most complex challenges – people who are not only homeless, but who also have very low incomes and serious, persistent issues that may include substance use, mental illness, and HIV/AIDS.”

This model has proven to be particularly effective in serving individuals who would not maintain a stable housing situation without tightly linked services. The Action Team heard compelling presentations from several developers who have had great success in building and operating supportive housing, and who are committed to bring that model to Milwaukee.

Housing development is, on the surface, a pretty simple process. A builder secures land, obtains permits, constructs a building, and secures a buyer who qualifies for a mortgage or tenants with adequate income to pay the rent. That process is supported by an infrastructure that includes local permitting agencies, real estate brokers, and financial institutions.

The infrastructure required to support special needs housing development is, however, far more complex. The infrastructure must respond to particularly challenging circumstances surrounding this development niche:

- **Tenant rent payments are insufficient to offset development and operation costs for special needs housing.** Supplemental Security Income (SSI) is often the sole source of income for tenants who live in special needs housing. In 2007, an individual living on SSI in Wisconsin had a monthly income of \$706.78. Under accepted “housing affordability” standards that suggest rent should not consume more than 30% of income, people living on SSI can afford to pay \$212 monthly for rent. Such rent levels are well below the amount required to pay debt service and operating costs for such housing, including the cost of on-site property and case management staff.

As a result, special needs housing development requires an extraordinary degree of development subsidy from multiple funding streams. The executive director of Mercy Housing Lakefront, a Chicago-based supportive housing developer, vividly described the strategy of piecing together development funds from multiple sources as “lasagna financing.” A typical Mercy project supplements bank financing with one or more HUD funding programs, Low Income Housing Tax Credits, locally-administered HOME funds, housing trust funds, and philanthropic contributions.

Section 8 Housing Choice rent vouchers, which supplement tenant rent payments, can be a critical ingredient for special needs housing. As a result of little to no growth in funding for federal housing programs, as well as changes in the renewal funding process, public housing authorities (PHAs) have a very limited supply of new, tenant-based vouchers available for use.

- **The housing development must include a service delivery component.** The “housing first” model supported by HUD and many mental health advocates is built on the notion that stable housing itself contributes to an individual’s recovery. Delivery of services such as case management in the residential building helps to ensure that people remain housed as they work toward greater levels of independence. According to the National Coalition for Homeless Veterans, service-enriched housing “has been linked to a decrease in emergency room visits, detoxification services and incarceration rates, and more than 80% of clients remained in housing for at least one year.”
- **Special needs housing development may draw neighborhood opposition.** Although well-managed special needs housing can serve as a stabilizing force for a neighborhood, developers can face opposition from neighbors who fear that such development will negatively affect property value, safety, and quality of life.

The Action Team also identified specific deficiencies in the local housing development infrastructure that must be addressed if the community is to successfully develop high-quality special needs housing. One significant deficiency is that each development funding source requires separate applications seeking separate information, submitted to different agencies on different forms to meet different deadlines. Often, funding sources that are vital to the financing package have conflicting requirements. Development schedules lengthen and costs increase because of the effort required to assemble resources.

Another impediment to successful development is that local agencies that allocate resources for social services have traditionally had little involvement in housing development. There is no well-established forum for these agencies to coordinate their financial support for projects that must receive resources for both development and services in order to succeed. Also, many social services resources are linked to individuals, not to buildings. This makes it difficult to target social service assistance to a particular project.

Task 4: *Recommendations*

The foregoing discussion illustrates the complexities of assessing the need in the community for supported housing, and the challenge that meeting this need presents to public and private entities involved in treatment and housing. It is clear that there is much that can and should be done to improve how this community's private and public agencies address the need for safe, decent and affordable special needs housing.

The Action Team has identified a number of recommendations which, if adopted, we believe will result in better coordination and use of local, state and federal resources and substantially increase both the quality and availability of this housing for the benefit of both consumers and the community. These recommendations are as follows:

- 1. The Action Team recommends that the Mayor and County Executive appoint a permanent Commission on Supportive Housing (CSH) consisting of governmental and community leaders, mental health and community advocates, and mental health consumers. The core purpose of the CSH will be to establish goals and benchmarks for the effort to address housing needs for persons with mental illness and other special needs in the community, and to monitor progress and hold the community accountable for meeting those goals.**

It is recommended that the CSH adopt the following mission and guiding principles:

Mission: To create a community infrastructure with the institutional commitment and the financial resources necessary to provide safe, affordable, and accessible housing options with supportive services for persons with mental illness and other special needs.

Guiding Principles:

- Persons with mental illness and other special needs should be able to choose the housing options and supportive service plans that best fit their needs and interest from the variety of best practice models, all offered within the context of recovery and support for their integration into the broader community.
- The input of persons with mental illness and other special needs is a critical component in every special needs housing policy, plan, and program.
- Affordable housing initiatives, especially for persons with mental illness and other special needs, must be developed with a full understanding of the profound impact of poverty on individuals' ability to maintain permanent housing.
- Affordable housing initiatives for persons with mental illness must be developed and operated with a full understanding that, for many individuals, mental illness is a chronic condition, requiring ongoing treatment and support services. Most individuals with severe and persistent mental illness do not have adequate, sustained access to such services. Inadequate public funding, and restrictive caps on the level of mental health treatment reimbursed by standard health insurance plans, are at the root of this problem. The lack of adequate, long-term services and treatment contribute to housing instability for people with mental illness.
- The community's commitment to a "housing first" model requires the development of a sustainable infrastructure for coordination of financial resources, attraction of high quality developers, and the maintenance of effective permanent housing options.

- Housing developments serving people with mental illness or other special needs should be subject to the same level of zoning regulation and review as all other housing developments.
- Regulatory barriers to the cost-effective development and operation of permanent housing for people with mental illness or other special needs must be eliminated, whether those barriers exist at the federal, state, county or city levels of government.
- Resources beyond those made available by better coordination of existing local, state and federal resources are necessary to offer the best special needs housing possible; additional resources, especially funding, to address supportive services must be developed.

The Action Team recommends that the CSH consist of the following members:

From the city:

- The Director of the Department of Administration;
- The Executive Director of the Housing Authority of the City of Milwaukee;
- One representative from the Common Council appointed by the Common Council President.

From the county:

- The Director of the Department of Administrative Services;
- The Director of the Department of Health and Human Services;
- One representative from the County Board of Supervisors appointed by the County Board Chairman.

From the philanthropic foundation community:

- Two representatives nominated (one each) by the Mayor and the County Executive and confirmed by the Common Council and County Board.

From the Continuum of Care:

Two representatives nominated (one each) by the Mayor and the County Executive and confirmed by the Common Council and County Board.

From mental health advocacy organizations:

Two representatives nominated (one each) by the Mayor and the County Executive and confirmed by the Common Council and County Board.

From the consumer community:

Two mental health consumers appointed by the Administrator of the Milwaukee County Behavioral Health Division.

From the business community:

One business representative appointed jointly by the Mayor and President of the Common Council; and

One business representative appointed jointly by the County Executive and Chairman of the County Board.

It is recommended that the CSH meet at least quarterly to establish goals for the community based on the above mission and guiding principles and to monitor progress toward meeting those goals. It is further recommended that the CSH prepare and submit annual reports to the Mayor, Common Council President, County Executive and County Board Chairman that describe the community's progress. It is further recommended that CSH provide input regarding special needs housing to the governments of Milwaukee, Milwaukee County, Wauwatosa and West Allis, in connection with the preparation of the Consolidated Plan/Action Plan submitted by those units of government to the US Department of Housing and Urban Development for CDBG, HOME, Emergency Shelter Grants, and Housing Opportunities for Persons with AIDS funds.

An agenda item at each CSH meeting shall be a report from the Supportive Housing Development Committee (SHDC) described in Recommendation #2 below. Staffing for the CSH shall be provided by the Housing Authority of the City of Milwaukee and the Milwaukee County Department of Health and Human Services.

Implementation: Legislation creating the CSH shall be jointly prepared by the City's Department of City Development and the County's Department of Administrative Services and Department of Health and Human Services and submitted to the Common Council and County Board by September 2007. Legislative approval shall occur by November 2007 and appointments shall be made to the CSH and confirmed by legislative bodies by December 2007, allowing for an initial organizing meeting in January 2008.

- 2. The Action Team recommends formalizing City-County collaboration and cooperation by appointing an ongoing Supportive Housing Development Committee to be responsible for coordinating countywide efforts to develop and support selected supportive housing projects, and ensure timely delivery of financial commitments from local governments.**

Perhaps the overriding recommendation of the Special Needs Housing Action Team is that the City of Milwaukee and Milwaukee County establish a permanent, ongoing body to strategically plan and coordinate the development of quality housing to meet the needs of individuals with mental illness and other special needs. This recommendation is based on the clear benefits that have been engendered by the commitment to City/County coordination that was made by Mayor Tom Barrett and County Executive Scott Walker in the fall of 2006.

In the wake of that commitment, senior officials from the City's Department of City Development and Housing Authority and the County's Department of Health and Human Services, Behavioral Health Division and Department of Administrative Services have met regularly to discuss and coordinate respective efforts to support individual development projects and to create funding mechanisms for special needs housing. This coordination has re-

sulted in decisions to jointly support three major projects (Guest House/Heartland, United Christian Church/Cardinal Capital, and Mercy Housing). Two of the three projects completed successful applications to WHEDA for Low Income Housing Tax Credits in 2007; the third project will apply for WHEDA tax credits in 2008. City/County collaboration also led to enhanced coordination with the Continuum of Care with regard to the permanent housing projects that it has prioritized. All three development teams have pointed to this coordination as a key element in their ability to rapidly develop effective project proposals.

In order to formalize this city/county coordination and better define its charge, the Special Needs Housing Action Team recommends that a Supportive Housing Development Committee (SHDC) be appointed by the Mayor and the County Executive. It is recommended that the SNDC consist of the following members:

From the City:

- 1 representative from the Department of City Development;
- 1 representative from the Community Block Grant Administration office;
- 1 representative from the Low-Income Housing Trust Fund;
- 1 representative from HACM

From the County:

- 2 representatives from the Behavioral Health Division (1 from the Housing Section and 1 from the Community Services Branch); and
- 2 representatives from Economic and Community Development Division (1 from Housing and 1 from CDBG); and

The specific charge of the SHDC would be as follows:

- a) **Assist special needs housing developers to access information about the development, service and ongoing operations resources they need to make projects work.**

The SHDC would serve as a “one-stop shop” for developers to access information from City and County experts that will help them design their proposals. It is envisioned that developers would present their ideas and proposals to the Committee, which in turn would educate them about city, county, state, federal and other funding sources and the requirements associated with those sources. This would include not only information about development funding, but also about funding for supportive services and rental subsidies (e.g. Section 8 vouchers) so that projects can succeed operationally. The Action Team also recommends that any developer seeking financing from either the City or County for a supportive housing project be required to submit proposals to the SHDC for review and recommendation prior to submitting their proposals to relevant governing bodies for approval.

b) Provide useful advice to the bodies that make special needs housing funding decisions.

The SHDC would consider the various projects seeking funding from competitive funding sources (e.g. WHEDA tax credits, HUD Homeless Assistance, City Low-Income Housing Trust Fund, County Capital funds); “screen” proposals to ensure that the developer has appropriately matched physical development resources with supportive service resources required to assist vulnerable tenants, and recommend to the agencies that control limited resources to focus their resources on a limited number of projects each funding cycle, in order to ensure the success of the selected projects. The SHDC also would letter of support to funders on behalf of projects that meet its approval.

c) Develop templates for supportive housing and encourage developers and current providers of service to adhere to those templates.

Among other things, these templates would outline elements and criteria for appropriate sites and corporate management structures for projects to be considered for city and county support that are responsive to the unique needs of the homeless population and individuals served by the Milwaukee County Behavioral Health Division; specify necessary on-site case management, programming and supportive service components, especially at sites serving 10 or more persons; and define the Committee's overall expectations regarding housing quality.

While the Action Team has focused on reducing barriers to the development of new supportive housing, we note that existing residential facilities that serve persons with mental illness and homeless individuals may be improved by incorporating these approaches to integrating case management and support services within the residential setting. The team encourages those who provide and fund services or housing to special needs populations to examine these approaches, and make operational modifications if appropriate.

d) Recommend allocations of city and county low-income housing funding sources and establish specific set-asides for special needs housing.

Both the city and county administer CDBG, HOME and Section 8 funds, and each has taken steps in the past year to develop ongoing sources of non-federal development funding, but there is currently no strategic coordination to ensure that mutual objectives are met via the use of those funds. The SHDC would establish special needs housing development as a key mutual objective and would recommend to policymakers specific annual allocations of City and County funding sources to ensure that special needs housing projects that meet the Commission's criteria are developed and supported.

- e) **Provide periodic reports to the Commission on Supportive Housing, and to the city and county regarding the performance of projects funded with local government resources.**
- f) **Analyze all HUD funding options for special needs housing and develop strategies to maximize use of those funding options.**

Despite the considerable progress that has been made in the past several months to bring additional HUD funding to Milwaukee and to work with the local HUD office to better understand and take advantage of HUD grant programs, much more progress can and should be made. The SHDC would further research and coordinate efforts to maximize the use of HUD resources in Milwaukee and provide technical assistance to entities seeking these resources for projects that meet the Commission's housing model criteria.

- g) **Identify other sources of funding for development of supportive housing, including other federal agencies, state agencies, and foundations.**
- h) **Study and make recommendations concerning property tax assessment policies for supportive housing.**

Property taxes, which typically increase on an annual basis, are of special concern to supportive housing developments because tenants in these buildings have extremely low incomes, and operators must also absorb the cost of on-site service delivery. The SHDC would study the impact of property assessments on supportive housing developments to determine whether changes in assessment policy are warranted.

- i) **Develop a simple instrument that municipalities in Milwaukee County can use to determine whether their zoning ordinances welcome the development and operation of supportive housing, including on-site services.**

It is envisioned that Committee members will devote several hours per month to the activities of the SHDC. However, in recognition of the fact that each member also will have significant additional job responsibilities, the Action Team believes that a nearly full-time consultant will be needed to coordinate the work of the Committee and administer its responsibilities. Consequently, it is recommended that both the City and County appropriate \$25,000 annually to retain a consultant to provide this staff function.

Implementation: The SHDC shall be appointed by the Mayor and the County Executive within 60 days following the adoption of this report.

3. **The Action Team recommends that the Common Council and County Board collaboratively establish a fund to help fill the equity gap in capital funding needs of well-qualified proposals for special needs and homeless housing to encourage greater use of 4% tax credits and bond financing.**

The State's tax credit program, administered by WHEDA, provides 9% federal tax credit, which in turn typically produces up to 80% of the equity required for affordable housing developments. However, the total amount of 9% tax credits available to Wisconsin annually is limited, and the application process is highly competitive, leaving many well-qualified housing proposals unable to proceed without resources. Projects could qualify for 4% tax credits, which are issued automatically with tax-exempt bond financing, but 4% credits do not provide quite enough equity to allow most projects to go forward. A City-County Equity-Gap Fund for Special Needs and Homeless housing could help overcome the critical need for such housing.

During the past year, both the County and City have established "funds" that are intended to contribute to the financing of special needs and/or low-income housing. Consideration could be given to merging some or all of the dollars contained in these funds to establish the Fund suggested in this recommendation.

Implementation: Evaluation of the feasibility and logistics of implementing this recommendation will be assigned to the Commission on Supportive Housing (CSH) to be created by adoption of recommendation #1 of this report.

- 4. The Action Team recommends that the City of Milwaukee, Milwaukee County, and the Continuum of Care coordinate application processes and deadlines for programs that provide resources to special needs housing development.**

The development of supportive housing requires assembly of financing from a great variety of resources, many from government agencies. Local sources of development support include the City of Milwaukee (HOME, CDBG, Milwaukee Housing Trust Fund, and rent vouchers from the Housing Authority of the City of Milwaukee); Milwaukee County (HOME, CDBG, Affordable Housing Initiative and rent vouchers from Milwaukee County Housing Authority); and the Milwaukee Continuum of Care (a variety of HUD programs).

At present, each of these development funding sources has its own application process and deadlines. The complexity of this process acts as a barrier to housing development because it increases risk, reduces certainty, lengthens development schedules and increase development costs.

The many local agencies that administer affordable housing resources should work together to create a coordinated application process and common deadlines for locally-controlled resources. In 2007, the Continuum of Care changed its application process to make their preliminary selections of permanent projects prior to the application deadline for

Low Income Housing Tax Credits. This creative approach can serve as a model to other local agencies tapped for supportive housing development resources.

Implementation: Upon its establishment, the SNDC will work with representatives of the three public entities to examine the potential for and logistics of modifying the schedules to accomplish the intent of this recommendation. Schedule changes that can be made administratively will be implemented as soon as practical, but no later than December 31, 2007. Schedule changes requiring action by the entities' governing bodies will be drafted as resolutions and submitted to those bodies for their disposition before December 31, 2007.

- 5. The Action Team recommends that the Mayor and County Executive convene the community's philanthropic leadership to discuss the report and what role private philanthropy has played and can continue to play in addressing the major issues of supportive housing as identified in this report.**

Private philanthropy has been an important resource for programs serving the homeless and persons with special needs, particularly in support of demonstration projects and innovative programs. It may also provide an additional independent voice on behalf of persons with special needs and advocacy for adequate and appropriate housing options and help identify best practices and model programs from around the country. The meeting should identify both "targets of opportunity", i.e., specific projects, and a longer-term framework to support sustainable housing for those with special needs.

Implementation: The meeting will take place before September 30, 2007. Conclusions and recommendations, if any, will be communicated promptly to the appropriate individuals and organizations.

- 6. The Action Team recommends that the City of Milwaukee, Milwaukee County, the Milwaukee area philanthropic community and CoC members equally share an administrative support budget for the CoC that equals 2.0% of the annual HUD request.**

Currently, the Milwaukee CoC has an operating budget of \$90,000; this represents 0.9% of the 2006 HUD request (Supportive Housing Program and Shelter + Care) of \$9,778,707. Funding is provided through the City of Milwaukee Community Development Block Grant, Milwaukee County, foundation support, and an assessment on organizations that are HUD grantees. This current level of funding is not sufficient to adequately staff the CoC year-round and manage the annual HUD Exhibit 1 preparation and competitive application process.

A level of support equal to 2.0% of the annual HUD request, apportioned among the current funding entities consistent with current allocations for this purpose, would provide \$195,574 with which to staff the Continuum. This amount will fully support its working committees, provide technical assistance to improve the performance of individual supportive housing projects and the Continuum as a whole, coordinate the Continuum's activities with other entities, support additional grant-writing activities, and insure consistently high-level performance in the national HUD competition.

Implementation: Upon adoption of this recommendation and the final report, the Co-Chairs of the Action Team will send a letter to the funding entities, including the three foundations represented on the Action Team, requesting the apportioned amounts of funding from each.

- 7. The Action Team recommends that the Mayor and the County Executive jointly ask the WHEDA Executive Director to appoint a developer specializing in supportive housing to WHEDA's Qualified Allocation Plan (QAP) Advisory Committee.**

Every two years, WHEDA writes a Qualified Allocation Plan (QAP) that spells out the process by which Federal Low-Income Housing Tax Credits (LIHTC) will be awarded to projects. These tax credits are a critical component of the financing mix for many new affordable housing developments, especially those that serve special needs populations.

The QAP establishes a scoring system for tax credit applications, evaluating criteria such as project location, project characteristics, tenant populations and sponsor characteristics. The QAP also delineates the dollar value of “set-asides” for projects in specified categories (such as projects developed by non-profit organizations). WHEDA has established an Advisory Committee that provides public input to the QAP.

Successful special needs housing deals are typically more complex than other affordable housing deals. To ensure that the scoring and set-asides in the QAP fairly consider the particular needs of such projects, it is important that experts who are intimately familiar with the demands of supportive housing development have a voice in the creation of the QAP.

Implementation: The recommendation has been implemented. A letter to this effect was prepared and sent in May 2007.

8. **The Action Team recommends that the Mayor and the County Executive submit the following suggestions for WHEDA’s QAP Advisory Committee consideration:**
 - a) **Create a specific set-aside of annual tax credits for proposals addressing special needs housing;**
 - b) **Establish an additional scoring category (or points) for written confirmation from local governments that a special needs housing proposal addresses the top priority housing need of the local community;**
 - c) **Restructure current project scoring categories so that special needs housing proposals, which carry the extra cost burden of providing on-site services, may be more competitive**
 - d) **Seek an alternative to local government or HUD fund commitment letters, such as letters of intent prior to official public action, for the purpose of verifying the feasibility of special needs housing projects.**

These recommendations seek to correct structural impediments in the WHEDA application process which leave special needs housing projects at a competitive disadvantage relative to others. For example, "Category 6" of the WHEDA review criteria restricts points to all projects receiving HUD Section 8 rental assistance because of WHEDA's policy that the subsidy already renders the housing "affordable," and therefore the project does not have as great a need for tax credits. Yet, special needs housing costs much more to operate than standard rental housing due to the supportive services required for the population; and tenants with special needs typically have the lowest of income. "Category 11" requires written financial *commitment* of participation from other sources of funds such as HUD, cities or counties be included with the tax credit application. Yet, the timing for final governmental decisions on annual budgets is often incompatible with WHEDA's tax credit application submittal date.

Implementation: A letter outlining the items suggested in this recommendation will be drafted, signed by the Mayor and County Executive, and sent to WHEDA not later than 60 days following the issuance of this final report.

9. The Action Team urges Governor Doyle to support creation of a state low-income housing tax credit, to be used exclusively to support development of supportive housing.

The Federal Low Income Housing Tax Credit is the nation's most important resource to create affordable housing. Nationwide, use of the credit has resulted in development of more than 1.4 million units since the credit was authorized by Congress.

The competition for federal Low Income Housing Tax Credits is keen in Wisconsin. In 2007, developers sought credits to develop about 2,800 units of affordable housing, but credits were available to support the construction of less than 1,500 units. Because the credits are such a significant source of equity financing for affordable housing development, projects that fail to receive an allocation, or receive far less in credits than needed, often cannot proceed.

Recognizing the need to provide additional resources to make development of affordable housing financially viable, a number of states, including Illinois, Missouri, Massachusetts, and New York, have created state low-income housing tax credit programs to supplement the federal LIHTC. Some states award State credits only to projects that receive or apply for Federal credits. State housing agencies that award Federal credits often have responsibility for awarding state credits as well.

The Action Team urges the State of Wisconsin to follow the lead of these states by establishing a state low income housing tax credit, dedicated exclusively for supportive housing development. Creation of a state tax credit would provide an ongoing source of equity financing for supportive housing projects outside the highly competitive environment of the federal tax credits. We recommend that WHEDA be given the responsibility to develop and administer the state tax credit program.

Implementation: Within 60 days following adoption of this report, the Mayor and the County Executive will submit resolutions to their legislative bodies calling for their support for state legislation to this effect.

- 10. The Action Team recommends that the Mayor and the County Executive jointly nominate an individual with knowledge of the development and operation of supportive housing for membership in the Community Investment Advisory Council of the Federal Home Loan Bank of Chicago.**

The Affordable Housing Program operated by the Federal Home Loan Bank of Chicago provides grants for affordable housing development in Wisconsin and Illinois. A Community Investment Advisory Council advises the Bank on the operation of the Affordable Housing Program, including the criteria used to score applications. An individual who represents supportive housing interests will be in a position to ensure that grant scoring criteria are responsive to the unique structure of supportive housing developments.

Implementation: Within 60 days of the adoption of this report, the Mayor and County Executive will identify an individual for nomination to the Community Investment Advisory Council and submit the nomination form. Nominations are accepted September 1 through October 23, 2007.

- 11. The Action Team recommends that the Governor, the Legislature and the federal government work in partnership with the City and County of Milwaukee to adequately fund treatment and support services to people with mental illness, and commit sufficient state fiscal resources to enable the county to both meet and sustain its existing responsibilities, and to meet new responsibilities for site-based case management in new special needs housing units.**

The State of Wisconsin has the primary responsibility for funding the human services it mandates counties to provide. The county has neither sufficient nor appropriate fiscal resources to meet the existing need for housing and support services which are critical to the ability of individuals with mental illnesses to live independently in the community. Yet, without adequately funded support services, housing initiatives designed to address the special needs of this population will fail. State government must increase its commitment of fiscal resources to ensure that these needs can be met.

In particular, state government must do its share to provide sufficient fiscal resources to fund the site-based case management approach in new special needs housing units that is advocated in this report. That approach likely will require an increase in annual case management funding as additional units are constructed and a broader and more effective means of providing case management to BHD clients in new and existing housing units is implemented. The county cannot and should not accommodate that increase solely with local property tax dollars.

In fairness to the State, it too has suffered from federal human services mandates that have not been accompanied by increases in Social Services Block Grant and Medicaid funding. The federal government also should be called upon to increase its support for mandated human services programs.

Implementation: Within 90 days following adoption of this report, the Mayor and the County Executive will submit resolutions to their legislative bodies calling for their support for state and Federal budget action to this effect.

Appendix I (cont'd)

Members

Tim Beaudoin, Mental health services consumer

Tom Brophy, Chairman, Milwaukee Continuum of Care

Supv. Lynne DeBruin, Milwaukee County Board

Kathryn Dunn, Community Investment Officer, Helen Bader Foundation, Inc.

Scott Gelzer, Executive Director, Faye McBeath Foundation

Sr. Lucina Halbur, President and CEO, SET Ministries

Peter Hoeffel, Milwaukee Mental Health Task Force

Paula John, Vice President, AMS Fund

Adam Kroshus, Wisconsin Housing and Economic Development Authority

Cheryl Lofton, Wisconsin Department of Health and Family Services

Jim Marks, Vice President and Program Director, Milwaukee Foundation

Lynn Oehlke, President and CEO, St. Catherine Residence

Tony Perez, Executive Director, Housing Authority of the City of Milwaukee

Connie Pukaite, Retired WHEDA Program Coordinator, former mayor of Mequon

Leo Ries, Program Director, Local Initiatives Support Corporation (Milwaukee office)

Dr. Lucille Rosenberg, retired psychiatrist

James Tarantino, Owner, Tarantino and Co.

Julia Taylor, President, Greater Milwaukee Committee

Jerry Tepper, Mayor, City of Glendale, representing the Intergovernmental Cooperation Council

Appendix I (cont'd)

Staff

Judy Allen, Milwaukee Department of City Development

Martha Brown, Milwaukee Department of City Development

Judy Feierstein, Milwaukee County Department of Health and Human Services

Rob Henken, Milwaukee County Department of Administrative Services

Jim Hill, Milwaukee County Behavioral Health Division

Jim Mathy, Milwaukee County Behavioral Health Division

Appendix II

Glossary of Abbreviations Used in This Report

- ANET** A homelessness prevention and outreach program developed by Milwaukee County's Disabilities Services Division and funded by the U.S. Department of Housing and Urban Development (HUD).
- BHD** The Milwaukee County Behavioral Health Division. A public entity under the Milwaukee County Department of Health and Human Services (DHHS) responsible for providing a wide range of mental health and substance abuse services to Milwaukee County residents.
- CBRF** Community-Based Residential Facility. A housing unit of typically 4-8 unrelated disabled residents who receive intensive clinical and therapeutic support services and assistance with daily living tasks. Sometimes called a "group home."
- CDBG** Community Development Block Grant. A federally funded program providing financial assistance for a wide range of activities designed to promote community and neighborhood development.
- CoC** Continuum of Care. A HUD-mandated, unincorporated coalition comprised of representatives of government, non-profit organizations, funding sources, advocacy groups, consumers, and other interest groups responsible for coordinating the HUD-funded homeless services system in Milwaukee County.
- CSH** Commission on Supportive Housing. The proposed name of the entity recommended in this report to be created to coordinate efforts to develop safe, decent and affordable housing with on-site support services.
- CSP** Community Support Program. A level of community-based care provided to persons with mental illnesses who require intensive clinical intervention and support in order to live independently in the community.
- DCD** The Department of City Development. A public agency of the city of Milwaukee responsible for promoting neighborhood and community social and economic development.
- HACM** The Housing Authority of the City of Milwaukee. A federally funded public entity (see PHA below) responsible for the development and management of affordable housing and related housing programs for low-income residents of the city of Milwaukee.

Appendix II, (cont'd)

- HOME** The HOME Investment Partnerships Program. A HUD-funded and sponsored program to promote development of affordable housing through partnerships between State and local governments, public housing authorities, and nonprofit organizations.
- HUD** U.S. Department of Housing and Urban Development. An agency of the federal government whose mission is to increase homeownership, support community development and increase access to affordable housing free from discrimination.
- LIHTC** Low Income Housing Tax Credit. A federal (and sometimes state) income tax incentive that is designed to attract equity capital for investment in rent restricted affordable housing.
- NOFA** Notice of Funding Availability. An official notice issued by a government agency announcing the availability of funds, and the project and criteria necessary for applicants to be considered eligible for award.
- PHA** Public Housing Authority. A federally authorized public entity responsible for the development and management of affordable housing and related housing programs for low-income residents of a municipality or region.
- QAP** Qualified Allocation Plan. The process and criteria by which federal Low-Income Housing Tax Credits (LIHTC) will be awarded to qualifying projects.
- SAIL** Service Access to Independent Living. The section of the Milwaukee County BHD which evaluates and determines the service needs of individuals with mental illnesses that will enable them to live independently and successfully in the community.
- SHDC** Supportive Housing Development Committee. The name of the city-county entity recommended to be created in this report to provide staff-level technical assistance, advice, recommendations and coordination of resources to assist in the efficient development of supported housing for individuals in Milwaukee County.
- TCM** Targeted Case Management. A level of community-based assistance provided to persons with mental illnesses who do not require intensive clinical intervention but who can benefit from assistance with daily living skills in order to live independently in the community (compare CSP above)
- WHEDA** Wisconsin Housing and Economic Development Authority. An independent state finance authority that works through a network of Wisconsin lending institutions to provide low-cost financing for housing and economic development.

Appendix III

A Brief Description of HUD Programs Referenced in or Relevant to This Report

McKinney-Vento Homeless Assistance Act. A law passed by the Congress in 1987 that, among other things, created a number of programs focused specifically on ending homelessness, including the HUD programs listed below (except for HOPWA). See also **NOTE** below.

Emergency Shelter Grant Program (ESG). A non-competitive, formula-funded federal grant program designed to help improve the quality of existing emergency shelters for the homeless, to make available additional shelters, to meet the costs of operating shelters, to provide essential social services to homeless individuals, and to help prevent homelessness. Provided to cities, counties and the state if qualified.

Housing Opportunities for Persons with AIDS (HOPWA). A federal grant program with funding available both through formula and competitively. Funds may be used for a wide range of housing, social services, program planning, and development costs. These include, but are not limited to, the acquisition, rehabilitation, or new construction of housing units; costs for facility operations; rental assistance; and short-term payments to prevent homelessness. HOPWA funds also may be used for health care and mental health services, chemical dependency treatment, nutritional services, case management, assistance with daily living, and other supportive services.

Shelter Plus Care Program (S+C). Provides grants for rental assistance for homeless persons with disabilities through four component programs: Tenant, Sponsor, Project, and Single Room Occupancy (SRO) Rental Assistance. Competitive via NOFA.

Single Room Occupancy Program (SRO). Rental assistance within the Section 8 program specifically provided on behalf of homeless individuals in connection with moderate rehabilitation of SRO dwellings. Competitive via NOFA.

Supportive Housing Program (SHP). Provides housing, including housing units and group quarters, that has a supportive environment and includes a planned service component. Includes transitional housing and permanent housing for the handicapped. Competitive via NOFA (see definition, Appendix II).

NOTE: Persons with mental illness who live in substandard housing are, generally speaking, ineligible for HUD housing assistance programs administered through the local Continuum of Care because such individuals are not considered "homeless" under the federal definition of "homelessness."

Mayor to cut aid in 2008 to Housing Trust Fund

Barrett plans to put in \$400,000 instead of expected \$2 million

By **GEORGIA PABST**
gpabst@journalsentinel.com

The Housing Trust Fund was expecting \$2 million from the City of Milwaukee in the 2008 budget to help build affordable housing, but Mayor Tom Barrett said he expects to put \$400,000 into the fund, a move that's drawn fire from the trust fund coalition.

"Milwaukee Housing Trust Fund on Death's Bed" reads a flier denouncing the lower-than-expected allocation the coalition says will put "100 jobs and 100 affordable housing units in jeopardy." The coalition is urging a write-in campaign to try to get Barrett to increase the funding.

He met with members of the housing trust fund coalition last week to explain his position and to hear their complaints.

Barrett said the housing trust fund, which was created last year, was funded with \$2.5 million in general obligation bonds that have not yet been spent. So far, the city hasn't received any proposals for projects, he said.

"Honestly, I'm surprised and dis-

appointed by the reaction because we've issued \$2.5 million in bonding authority this year with the understanding it would be matched," Barrett said Monday. "Our frustration is, where is everybody else?"

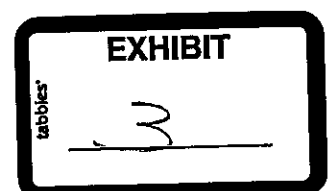
He noted other failed housing initiatives in the city and said he is "determined to invest resources wisely." He was referring to a string of non-profit housing groups including Walker's Point, East Side Housing Action and others that failed.

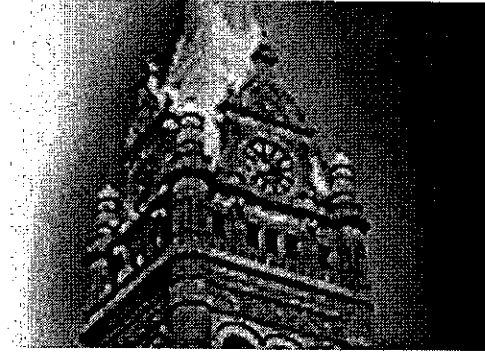
With threatened cuts in state revenue, the city will be forced to make cuts in the public library and Health and Fire departments, and the housing trust fund is the largest new program in the budget, Barrett said.

Marcus White, executive director of the Interfaith Conference of Greater Milwaukee, which provides staff for the coalition, said a \$2 million allocation was expected in 2008 under the legislation that created the trust fund. The money would come from additional revenue from Potawatomi Bingo Casino and from money from closed tax incremental financing districts, he said.

But in an opinion requested by Barrett, City Attorney Grant Langley said funding for the housing trust fund is subject to the normal budget and appropriation process.

3





**CITY OF MILWAUKEE
HOUSING TRUST FUND**

**APPLICATION FOR FUNDING
FY2007**

tabbles

EXHIBIT

4



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING FY2007

BACKGROUND:

The City of Milwaukee Housing Trust Fund was created by the Common Council on September 9, 2006 for the purpose of improving housing conditions for low-income persons in the City and to provide support for non-profit and for-profit developers and governmental entities in the acquisition, construction, rehabilitation and accessibility modification of affordable housing for low-income households in Milwaukee. The Housing Trust Fund was also created to fund services that assist low-income households in obtaining and maintaining affordable housing.

A diverse 13-member advisory board, serving staggered, 2-year terms, provides oversight of the Housing Trust Fund, as well as final funding recommendations to the City of Milwaukee Common Council. The Community Development Grants Administration (CDGA) Division of the City's Department of Administration administers the Housing Trust Fund.

The Housing Trust Fund Board is responsible for evaluating requests for funding from the Housing Trust Fund after those requests have been submitted to and reviewed by CDGA. In making funding-allocation decisions, the Board will also consider a report on Milwaukee's housing needs that is prepared annually by the Department of City Development.

FUNDING GUIDELINES

- A minimum of 25% of Housing Trust Fund dollars must be used to develop housing and provide services for people who are homeless.
- A minimum of 35% must be used to develop or rehabilitate rental housing.
- A minimum of 25% must be used to create and maintain home ownership opportunities.
- The remainder of the Fund (15% or less) is available for "flexible" use to respond to any other housing needs identified by the advisory board, subject to the requirements of the Housing Trust Fund.
- In any of these categories, Housing Trust Fund dollars may be used to fund accessibility or visitability improvements or modifications. However, at least 2% of available Housing Trust Fund dollars or \$100,000, whichever is less, must be used to fund accessibility improvements or modifications in any of the 3 funding categories (homeless, rental and home ownership) annually.

***HOUSING TRUST FUND ACTIVITIES MUST OCCUR IN
THE CITY OF MILWAUKEE***

***REQUESTS FOR PROJECTS OR ACTIVITIES OUTSIDE OF THE CITY OF
MILWAUKEE WILL BE REJECTED***



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING FY2007

Trust Fund dollars must always be used to leverage and complement other sources of financing and to close funding gaps. **Housing Trust Funds may not be used as the primary source of funds for any project.**

ELIGIBLE APPLICANTS

1. A nonprofit organization organized under Chapter 181 of the Wisconsin Statutes, qualified as a Section 501(c)(3) organization, at the time of grant application submission.
2. A for-profit organization organized and licensed to do business in the State of Wisconsin at the time of grant application submission.

Individuals may not apply for direct assistance from the Housing Trust Fund.

AFFORDABILITY REQUIREMENTS

1. Rental Housing: Rental Housing funded with Housing Trust Fund dollars 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.
2. Owner-Occupied Housing and Homeownership: Housing Trust Fund dollars used for the acquisition, new construction or rehabilitation of an owner-occupied dwelling, will 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 will be enforced through a deed restriction or other comparable security instrument approved by the Board. If the owner sells the home before the end of the 5-year period, the owner will be required to reimburse the Housing Trust Fund the entire loan amount unless the property is sold to another income-eligible household.

Housing Trust Fund dollars are available for home-buying counseling. Homebuyer counseling agencies must demonstrate that they serve low- and moderate-income clients. In addition, any organization that receives Housing Trust Fund money for this purpose must demonstrate that it has the ability to assist disabled individuals (e.g., the location is accessible and the organization offers translation services, materials in Braille, etc.).

3. Housing and Services for the Homeless: All Housing developed for the Homeless must remain as homeless housing for a minimum of 50 years.



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING FY2007

INCOME ELIGIBILITY

1. Owner-Occupied Housing: Financial assistance from the Housing Trust Fund for the acquisition, new construction or rehabilitation of owner-occupied housing is limited to households with incomes at or below 100% of the County Median Income, where "income" is calculated using the Census Bureau Long Form method.

The maximum income for homeowners seeking financial assistance for rehabilitation projects is limited to 65% of County Median Income 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). Income limits are based on the CMI and are subject to change annually.

2. Rental Housing and Housing for the Homeless: Financial assistance from the Housing Trust Fund for rental housing and projects for the homeless (acquisition, new construction or rehabilitation) is limited to projects that serve households/individuals at or below 50% of the County Median Income.

Please refer to Attachment A for current Housing Trust Fund income limits

APPLICATION SCORING

The advisory board will give weighted consideration to applications that 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.

Please refer to Attachment C for a detailed description of application scoring measures.



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING FY2007

OTHER REQUIREMENTS

The following accessibility standards 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:
 1. Aging in place
 2. Universal design
 3. Any other accessible and/or adaptable design criteria approved by the Housing Trust Fund Advisory Board.
- For new housing units in one- to three-unit structures, each ground-floor unit shall be constructed to the following "visitability" standards:
 1. 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.
 2. 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.
 3. Powder room (half bath) on the main-level floor that has:
 - i. A doorway entrance with a minimum 32" clear passage opening;
 - ii. Sufficient space to close the entrance door while the room is occupied;
 - iii. 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.



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING FY2007

INSTRUCTIONS FOR COMPLETING THE APPLICATION

Submission of an application does not guarantee funding. For all projects financed by the Housing Trust Fund, Trust Fund dollars must be used to leverage and complement other sources of financing and to close funding gaps. *Housing Trust fund dollars may not be used as the sole source of funding.*

Completed applications and required attachments must be received at the Community Development Grants Administration office no later than (TIME) on (DATE). No extensions will be granted. Submit the original and fifteen (15) copies to:

Mr. Steven L. Mahan, Director
Community Development Grants Administration
200 East Wells Street, Room 606
Milwaukee, Wisconsin 53202

Questions may be directed to the office of Community Development Grants Administration at (414) 286-3647. Your application will begin when your complete application has been received, including all items indicated below:

- A fully completed application. If a question does not apply, indicate this on the application.
- Applicants should include audited financial statements for three years, if in existence for less than three years, all statements received to date (balance sheets, cash flow statements, and profit and loss statements). For special limited purpose corporations, the supporting organization's statements.
- Tax returns for three years (Individual 1040, Corporate 1120, Form 990, and Partnership 1065).
- Project or Business plan
- Site photos showing front and rear of building (if applicable). If vacant land, pictures from the north, south, east and west.
- Market analysis for projects containing twelve or more residential units.
- Resumes and qualifications of the development team.
- Project cost analysis including acquisition, construction, rehabilitation, renovation and other applicable costs,
- Source of funding. Provide copies of any financial commitments obtained for acquisition, construction and permanent loans.
- A minimum 5-year projected pro-forma
- An affordability analysis indicating the income level household that can afford the proposed housing at current interest rates or rent levels.
- Post rehabilitation or new construction appraisal



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING FY2007

NOTICES

The City of Milwaukee reserves the right to reject any or all proposals. Contract awards based on submitted proposals shall further be subject to actual availability of sufficient Housing Trust Funds. Should the availability of Housing Trust Funds be reduced, the City of Milwaukee Common Council can modify and reduce the award. In the event of such a modification or reduction, the recipient shall be notified in advance of the pending Common Council meeting where such action shall take place.

All materials submitted shall become public records retained by the City of Milwaukee, with the following exceptions: late and/or incomplete applications or requests for funding for projects that are not a part of this solicitation, will be returned to the applicant without further review, and materials not requested as part of the application packet will be discarded.

If Applicant makes a false statement or misrepresentation in this Application to obtain Housing Trust Funds and funds are awarded, the funds and contract will be in default and the City may declare all of any part of the funds paid out immediately due and repayable to the City and the contract voided.

FUNDING DECISION

The actual decision to award funds is considered first by the City of Milwaukee Housing Trust Fund Advisory Board and forwarded to the Common Council for final review and approval. Funding recommendations by CDGA staff are advisory to the Housing Trust Fund Board. Applicants that are not recommended for funding will be notified by mail within 30 days of Common Council action.

In addition, the Housing Trust Fund Board may designate an agency to act as a subrecipient in any manner it deems appropriate to carry out an eligible activity, per the Housing Trust Fund regulations.

CITY ATTORNEY TO PROVIDE LANGUAGE REGARDING ALL AWARDS SUBJECT TO
NEGOTIATION ON FINAL TERMS.



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING FY2007

Organization Name: _____		
Organization Address: _____	City _____	Zip _____
Contact Person: _____	Title _____	
Telephone Number: _____	Fax: _____	
E-Mail: _____	FEIN _____	

Indicate the amount requested in the appropriate category below. ***Please submit a separate application for each category being requested.***

Activity	2007 Funds Available	Amount Requested
Homelessness	\$625,000	
- Rehabilitation of Existing Facility		\$
- New Construction of Facility		\$
- Provide Supportive Services		\$
Rental Housing	\$875,000	
- Rehabilitation of Existing Structure		
- New Construction		\$
Home Ownership	\$625,000	
- Rehabilitation of Existing Structure(s)		
- New Construction		\$
- Owner-Occupied Rehabilitation		\$
- Homebuyer Counseling Services		\$
- Post-Purchase Counseling Services		\$
Other Needs as Identified	\$375,000	\$
TOTAL	\$2,500,000	\$
Indicate the percentage and amount of HTF funds requested that will be used to fund accessibility improvements or modifications. →		____ % \$ _____

Proposals must be authorized and signed by the Chief Executive Officer -AND- an official of the Board of Directors.

Signature: _____
 Printed Name: _____

Date: _____
 Title: _____

Signature: _____

Date: _____



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING FY2007

Printed Name: _____ Title: _____

PART I: PROJECT DESCRIPTION

1. **Describe the Project:** Briefly identify the project location and the specific activity to be completed.

- a. **If project involves construction or rehabilitation, please attach photos of the site and sketches or drawings of the proposed project.**

_____ Photos and/or sketches are attached

_____ Project does not involve construction or rehabilitation

- b. **If the project involves the provision of services, briefly describe the specific services to be provided.**

_____ Project does not involve the provision of supportive services

2. **Households/Clients Served:** Briefly describe the specific population to be served, including target income level and special needs populations, as applicable.

3. **Indicate the unduplicated number of units/household to be served**



**CITY OF MILWAUKEE
HOUSING TRUST FUND**

APPLICATION FOR FUNDING FY2007

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Reviewer's Comments:

Score:



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING FY2007

PART III: PROJECT SITE CONTROL, ZONING, & ENVIRONMENTAL ISSUES

1. Site Control is in the form of:

- Deed
- Purchase Agreement
- Option (Expiration Date _____)
- Other _____

a. Please Attach Written Documentation of Site Control

2. Site is currently zoned: _____

a. Please Attach Written Verification of Zoning Designation

3. Is the zoning appropriate for your project?

Yes No

If no, is rezoning currently in process and when is it anticipated that this issue will be resolved?

Date _____

4. Describe what, if any, Environmental Assessment activities have been conducted.

a. Please attach a copy of any environmental findings/reports received.

<i>DO NOT WRITE BELOW For City of Milwaukee HTF Use Only</i>	
Reviewer's Comments:	Score:



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING FY2007

PART IV: PROJECT FINANCING

1. **Please Attach the Following Items**

- Sources and Uses of all funds
- Development Budget
- Project 5-Year Pro-Forma
- Cash Flow Statement

2. **Please describe the specific use of Housing Trust Fund dollars (i.e.:**

3. **Has the project secured a firm commitment from a construction lender?**

_____ Yes _____ No

4. **Has the project received a conditional commitment from a construction lender?**

_____ Yes _____ No

5. **Provide the following information and attach written verification of any commitments received. If you do not have any commitments, provide the name of the lender you are working with.**

Lender Name _____ Phone number _____

Contact Person _____

Address _____

Commitment Amount \$ _____ Rate/Term _____



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING FY2007

6. Identify the project total amount of other funds (private and/or public) that would be leveraged by the Housing Trust Fund dollars?

Funding Source	Amount Leveraged
	\$
	\$
	\$
	\$
	\$
	\$
	\$
TOTAL FUNDS LEVERAGED	\$

<p><i>DO NOT WRITE BELOW</i> <i>For City of Milwaukee HTF Use Only</i></p>	
<p>Reviewer's Comments:</p> 	<p>Score:</p>



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING FY2007

PART V: CAPACITY AND EXPERTISE

1. Has your agency previously undertaken this type of project before?

_____ Yes _____ No

a. If yes, identify the three most recent projects completed:

2. Identify the staff responsible to complete the project and indicate any experience specifically related to this project

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Reviewer's Comments:	Score:
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CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING FY2007

PART VI: FURTHERANCE OF HOUSING TRUST FUND GOALS

1. Describe the accessibility improvements or modifications that will be included as a part of this project:

2. Explain how this project serves the lowest-income segment of the population:

3. Does the project affordability period exceed the minimum period required by the Housing Trust Fund (please refer to page 3)?

_____ Yes _____ No

Affordability Period Required by HTF: _____ (years)

Affordability Period Proposed for Project: _____ (years)



**CITY OF MILWAUKEE
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3. Will this project utilize workers from the neighborhood and/or give priority to emerging business enterprise contractors?

_____ Yes _____ No

a. If yes, please describe:

4. Does this project encourage neighborhood diversity and increase housing choices within the neighborhood?

_____ Yes _____ No

a. If yes, please describe:

5. Will this project utilize green building principles?

_____ Yes _____ No

a. If yes, please describe:



CITY OF MILWAUKEE HOUSING TRUST FUND

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6. Will this project 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?

Yes No

a. If yes, please describe:

7. Will this project facilitate the movement of persons from institutions into the community?

Yes No

a. If yes, please describe:

8. Will the project use contractors who pay family-supporting wages for all workers on the project (family supporting wages are defined as \$8.25 per hour)?

Yes No

a. If yes, please describe:



**CITY OF MILWAUKEE
HOUSING TRUST FUND**

APPLICATION FOR FUNDING FY2007

*DO NOT WRITE BELOW
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Reviewer's Comments:

Score:



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING FY2007

PROPOSAL CHECKLIST - YEAR 2007

Completed applications and all required attachments must be physically received and time-stamped (postmark not acceptable) at the Community Development Grants Administration office no later than (TIME) on (DATE). No extensions will be granted.

Submit the original and fifteen (15) copies to:

Mr. Steven L. Mahan, Director
Community Development Grants Administration
200 East Wells Street, Room 606
Milwaukee, Wisconsin 53202

Faxed or electronic applications will not be accepted. All proposals received after the closing date noted above will be returned to the applicant without review.

PLEASE BE CERTAIN TO

- Complete and submit *1 original and 15 unbound copies* of all documents:
- Attach all required supporting documentation as requested in the application.
- If you are applying for more than one activity, you must submit a separate application with all required documentation.
- Follow the prescribed format for Application preparation closely. Present information in the order indicated.
- If you replicate this application, it must be consistent in all aspects with the original Housing Trust Fund Application
- Do not submit materials other than those specifically requested. Letters of Support and Appendices submitted under separate cover will be discarded.

If your Application is funded, some additional documentation will be required prior to executing a contract between the City of Milwaukee and your organization.

ATTACHMENT A

**CITY OF MILWAUKEE HOUSING TRUST FUND
INCOME LIMITS - 2007**

Income Level	Applicability	Household Size							
		1	2	3	4	5	6	7	8
50% of CMI	Rental and/or Homeless Housing Projects (Any Amount of HTF Assistance)	23,500	26,900	30,250	33,600	36,300	39,000	41,650	44,350
65% of CMI	Owner-Occupied Housing - Substantial Projects (HTF Assistance More than \$5,000)	30,562	34,960	39,325	43,677	47,182	50,687	54,147	57,652
100% of CMI	Owner-Occupied Housing - Modest Projects Including Acquisition & Rehabilitation, Acquisition, New Construction or Rehabilitation of Owner-Occupied Housing (HTF Assistance is \$5,000 or less)	47,063	53,750	60,500	67,188	72,563	77,938	83,313	88,688

1. Income Limits are based on the HUD HOME Program Limits and are subject to change annually.

ATTACHMENT B

**CITY OF MILWAUKEE HOUSING TRUST FUND
RENT LIMITS AND UTILITY ALLOWANCE SCHEDULE - 2007**

BEDROOM SIZE: Maximum allowable rent if all following utilities are paid by landlord	BUILDING TYPE: Detached Single						BUILDING TYPE: Duplex						BUILDING TYPE: Three or More Units									
	0BD	1BD	2BD	3BD	4BD	5BD	6BD	0BD	1BD	2BD	3BD	4BD	5BD	6BD	0BD	1BD	2BD	3BD	4BD	5BD	6BD	
1. HEATING																						
Gas	\$29	\$36	\$58	\$71	\$85	\$97	\$110	\$27	\$33	\$54	\$66	\$79	\$90	\$103	\$25	\$31	\$50	\$61	\$73	\$83	\$95	
Oil	\$66	\$80	\$131	\$162	\$191	\$221	\$252	\$61	\$74	\$122	\$151	\$177	\$206	\$234	\$56	\$69	\$113	\$139	\$164	\$190	\$217	
Electric	\$36	\$44	\$72	\$88	\$102	\$119	\$135	\$33	\$41	\$67	\$82	\$95	\$111	\$125	\$31	\$38	\$62	\$76	\$88	\$102	\$116	
2. WATER HEATING																						
Gas	\$8	\$10	\$12	\$15	\$16	\$19	\$22	\$8	\$10	\$12	\$15	\$16	\$19	\$22	\$8	\$10	\$12	\$15	\$16	\$19	\$22	
Oil	\$20	\$23	\$28	\$34	\$40	\$46	\$51	\$20	\$23	\$28	\$34	\$40	\$46	\$51	\$20	\$23	\$28	\$34	\$40	\$46	\$51	
Electric	\$14	\$18	\$23	\$28	\$32	\$36	\$40	\$14	\$18	\$23	\$28	\$32	\$36	\$40	\$14	\$18	\$23	\$28	\$32	\$36	\$40	
3. LIGHTING/ REFRIGERATION																						
Lighting	\$15	\$22	\$28	\$31	\$34	\$37	\$40	\$15	\$22	\$28	\$31	\$34	\$37	\$40	\$15	\$22	\$28	\$31	\$34	\$37	\$40	
4. COOKING																						
Gas	\$5	\$6	\$7	\$8	\$9	\$10	\$11	\$5	\$6	\$7	\$8	\$9	\$10	\$11	\$5	\$6	\$7	\$8	\$9	\$10	\$11	
Electric	\$5	\$7	\$9	\$10	\$11	\$12	\$13	\$5	\$7	\$9	\$10	\$11	\$12	\$13	\$5	\$7	\$9	\$10	\$11	\$12	\$13	
5. WATER & SEWER TRASH /SNOW&ICE																						
Water & Sewer	\$16	\$16	\$18	\$28	\$31	\$33	\$36	\$16	\$16	\$18	\$28	\$31	\$33	\$36	\$16	\$16	\$18	\$28	\$31	\$33	\$36	
Trash	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	
Snow & Ice																						
6. STOVE	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	
7. REFRIGERATOR	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	
8. FIXED CHARGES																						
Electric	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	
Gas	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	

Note: 1. Rent Limits are based on the HUD Low HOME Rent Limits and are subject to change annually.
2. Utility allowances determined by HACM and are subject to change annually

ATTACHMENT C

CITY OF MILWAUKEE HOUSING TRUST FUND
Scoring Point System - Final Draft Recommendation

	Max 100 Pt Scale(a)	
	Point Range	Max Points
Leveraged Dollars		15
HTF dollars are less than 3% of total project cost	15	
HTF dollars account for 3 - 5% of total project cost	12	
HTF dollars account for 6 - 10% of total project cost	9	
HTF dollars account for 11 - 15% of total project cost	6	
HTF dollars are more than 15% of total project cost	3	
Income Targets - Please Use Attached Chart		15
# of units with residents up to 50% of income target	15	
# of units with residents between 51% and 70% of income target	12	
# of units with residents between 71% and 75% of income target	9	
# of units with residents between 76% and 85% of income target	6	
# of units with residents between 86% to 100% of income target	3	
Affordability Period		10
Meets HTF Affordability Period (Required - Zero Points)	0	
Exceeds HTF Affordability Period by 25%	2	
Exceeds HTF Affordability Period by 50%	5	
Exceeds HTF Affordability Period by 75%	8	
Exceeds HTF Affordability Period by 100% or more	10	
Use of City of Milwaukee (resident) workers (Total Project)		5
Less Than 18% Milwaukee (resident) workers	-5	
18% Milwaukee (resident) workers	1	
24% Milwaukee (resident) workers	2	
30% Milwaukee (resident) workers	3	
36% Milwaukee (resident) workers	4	
More than 36% Milwaukee (resident) workers	5	
Use of City, County, or State EBE (Total Project)		5
Less Than 18%	-5	
18% EBE	1	
24% EBE	2	
30% EBE	3	
36% EBE	4	
More than 36% EBE	5	
Neighborhood Diversity		5
Project Increase neighborhood diversity in housing choices	5	
Green Building Principles		5
Project Utilizes Green building Principles	5	
Coordination with Community Institutions		5
Project is Coordinated with Community Institutions	5	
Community Integration		5
Move persons from institutions to community	5	
Family Supporting Wages (applies to entire project)		5
Vendor/Contractor pays employees a minimum of \$8.25 to \$10.25 per hour	1	
Vendor/Contractor pays employees a minimum of \$10.26 to \$12.25 per hour	2	
Vendor/Contractor pays employees a minimum of \$12.26 to \$14.25 per hour	3	
Vendor/Contractor pays employees a minimum of \$14.26 to \$16.25 per hour	4	
Vendor/Contractor pays employees a minimum of \$16.26+ per hour	5	
Experience		10
Agency experience with same type/similar project	5	
Staff experience with same type/similar project	5	
Accessibility Improvements or Modifications		5
Meets Minimum Standards	1	
Exceeds Minimum Standards	5	
Service Partners (b)		5
Provision of services on site w/out use of HTF \$	5	
Construction Financing		5
Construction Loan is Firmly Committed	5	
Construction Loan is Conditionally Committed	2	
Construction Loan is not Identified	0	
Proposal Meets Community Needs (Subjective)		15
TBD by Reviewer	0-15	
Total Points		100

NOTE: All proposals must receive at least fifty (50) points for further consideration

(a) 100 point maximum applies to projects requiring on-site services such as Shelter + Care. Maximum points available for all other projects is 95.

(b) Only applies to projects requiring on-site services such as Shelter + Care

INCOME TARGETING TABLE							
CMI %	Rating Points	100% CMI		65% CMI		50% CMI	
		67,200	33,600	43,680	21,840	33,600	16,800
Up to 50%	15	1.00	33,600	1.00	21,840	1.00	16,800
51% to 70%	12	33,601	47,040	21,841	30,576	16,801	23,520
71% to 75%	9	47,041	50,400	30,577	32,760	23,521	25,200
76% to 85%	6	50,401	57,120	32,761	37,128	25,201	28,560
86% to 100%	3	57,121	67,200	37,129	43,680	28,561	33,600

UNIT FORMULA TABLE				
Up to 50% of Target	51% to 70% of Target	71% to 75% of Target	76% to 85% of Target	At or HTF Target
15 $\frac{B}{A}$	12 $\frac{B}{A}$	9 $\frac{B}{A}$	6 $\frac{B}{A}$	3 $\frac{B}{A}$

A = Total Units
B = Units meeting HTF Income Targets

- Step 1: Determine which HTF income target your project falls under (100% CMI, 65% CMI or 50% CMI)
- Step 2: Using the INCOME TARGETING TABLE, Identify the Income level which is appropriate for your project
- Step 3: Locate the Rating Points associated with the income target for your project (15, 12, 9, etc)
- Step 4: Using the Rating Points Identified in step 3, locate the appropriate formula set to use in the UNIT FORMULA TABLE
- Step 5: Using the UNIT FORMULA TABLE, place the number of units meeting the project income target Identified in step 2 as the Numerator (B).
- Step 6: Place the Total Number of units as the Denominator (A).
- Step 7: Run the calculation to determine the appropriate number of points awarded for this section.

Example:

- Project is in the 50% CMI category
- Project will have 50 units of which 25 are for individuals making at or around \$22,000/yr
- The above two facts results in the project being given 9 rating points.

Calculation: $12 * \frac{25}{50} = 12 * 0.5$ or 6 points.

7. **Method of payment.** Requests for Disbursement of Funds. The HTF operates on a reimbursement basis. All claimed costs must be paid before submission of reimbursement requests. Any act(s) of non-compliance will require the entire amount of HTF subsidy to be repaid to the HTF account. The CONTRACTOR may not request disbursement of funds under the agreement until the funds are needed for payment of eligible costs as determined by the HTFAB. Compensation and/or reimbursement for services required under this Contract shall be contingent upon each activity being reviewed for approval by the CDGA approving officer.
8. **Contract Extensions.** The HTFAB may recommend that ZND consider contract extensions based on the following criteria:
1. Groups which received funds out of cycle to finance individual programs as they are approved by Common Council Resolution. An extension will allow the project to operate at a full 12 month period.
 2. Groups which have met productivity goals and have extenuating circumstances.
 3. All work has been completed but final payment must be made.
 4. To pay a specific outstanding commitment or obligation which has been encumbered prior to the end of the fiscal year.

Encumbrances from previous CDBG years not liquidated by the end of the next CDBG year will be subject to review by the HTFAB/ ZND.

Extension requests must be submitted to the office of Community Development Grants Administration for approval, before the start of the new program fiscal year.

9. **Policy on changes in salary levels of HTF funded positions.** Salary levels for positions within an organization. Each Contractor/ Employee has the responsibility for establishing salary levels according to procedures defined by board of directors for that organization. However, the required minimum salary for all grant-funded positions is \$0.00 per hour, full time. In addition, if salary levels seem excessive given job duties and responsibilities, then overall grant funding may be similarly affected.
10. **Complaints.** The Director of the Community Development Grants Administration has the authority to hear appeals to all complaints involving administrative policies and procedures of all HTF funded programs administered by CDGA. Exceptions to administrative policies and procedures shall be granted only when in the opinion of the Director of the Community Development Grants Administration, extenuating circumstances prevented a project, an individual funded with grant funds, or a citizen from reasonably complying with the letter and intent of Administrative Policies and Procedures.

ADDITIONAL DEFINITIONS AND CRITERIA

Close Out - Expeditionary payment of all costs accrued through December 31*, preparation and submittal of final cost report to CDGA, and reconciliation of any variance between budgeted and actual costs. (*Unless an extension has been authorized by ZND, or a project contract specifies a termination date other than December 31.)

ADMINISTRATIVE POLICIES AND PROCEDURES FOR THE CITY OF MILWAUKEE
HOUSING TRUST FUND

DRAFT

DEFINITIONS:

ZND	The City of Milwaukee Zoning, Neighborhood & Development Committee, or successor body.
HTFAB	The City of Milwaukee Housing Trust Advisory Board
HTF	As applicable, funds received by the City of Milwaukee from various sources that comprise the financing of the Housing Trust Fund.
CDGA	The City of Milwaukee Community Development Grants Administration.

GENERAL CRITERIA

The following criteria will apply to all projects receiving HTF funds through the Community Development Grants Administration.

- Acknowledgment of HTF Funding.** Contractor must acknowledge the receipt of grant funds in literature and promotional materials in one of the following manners:
 - Use of City of Milwaukee logo (obtainable from the City Clerk).
 - Inclusion of specific language as follows: "This project is funded in part through a City of Milwaukee Housing Trust Fund allocation".
- Equal Opportunity.** Contractor shall provide equal employment and promotional opportunities to all present and prospective employees without regard to race, religion, color, age, handicap, sex, national origin, sexual orientation, marital status, creed or ancestry. A policy of equal employment opportunity shall apply to all personnel transactions, including, but not limited to, recruitment, hiring, compensation, promotion, transfer, demotion, recall from lay-off and educational opportunity. Grantees shall maintain a positive, continuing affirmative action program to eliminate barriers to employment which have had the effect, although unintentional, of denying equal employment opportunities to the above groups. Contractor shall monitor certain key indicators to measure positive progress in this area such as minority composition of staff and boards of directors.
- Non-English Speaking Clienteles.** If Contractor serves a large non-English speaking population, it shall demonstrate how language needs are met, either by having translation capacity available or having multilingual staff.
- Board of Directors Membership.** If Contractor is a non-governmental entity, it shall maintain a board of directors of not fewer than five members. The Board of Directors is to be independent and separate from the paid staff (except for the chief executive officer may serve as a board member). Board members may not profit or benefit in any manner from HTF-funding and shall be subject to City of Milwaukee Conflict of Interest regulations.
- Participation by City Officials.** Contractor must disclose participation of elected or appointed city officials in their organizations.
- Grantees may be required to submit affirmative action reports and plans to show good faith efforts in this area. CDGA shall monitor certain key indicators to measure positive progress in this area such as minority composition of staff and boards of directors.

EXHIBIT

tabbies

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7. Funded agencies must demonstrate that they are "financially viable". In other words, the agency would be able to maintain a minimal level of program activity even without funding administered through the Community Development Grants Administration. The Zoning, Neighborhoods & Development Committee will handle this on a case-by-case basis.
8. Continuing projects must meet various programmatic and financial quality standards in order to receive further funding.
9. **Reporting.** The Contractor agrees to submit reports as may be required by the CITY at such times as may be scheduled for submittal as described in the contract hereto. These data-collection instruments will be a part of CDGA's monitoring and evaluation of the Contractor's activities. Reimbursement requests will be held until specific report deadlines are met.
10. **One Year Fiscal Agency Rule.** Projects with fiscal agency arrangements must be able to deal with internal accounting policies and procedures in-house. An alternative to in-house fiscal management is an alternative source of funding to pay for a continued fiscal agency arrangement. If an agency needs to extend the fiscal relationship for more than one year, due to extenuating circumstances, approval must be obtained from the Zoning, Neighborhoods & Development Committee. Evidence of fiscal autonomy shall be provided to the office of the Community Development Grants Administration.
11. Applicant's principal organization or business address must be listed. Post office boxes are not acceptable except for legitimate security reasons surrounding the organization and its programs. Also unacceptable are home addresses and organizations or businesses located in residences or domiciles.

FISCAL PROCEDURES

1. **Ninety-Day Rule.** An award of funds remaining 90 days after award shall be subject to revocation by the Zoning, Neighborhoods & Development Committee if the grantee has not, within ninety days of the final approval of the award, provided all documentation necessary for contract execution.
2. **Timely Expenditure.** If Contractor has not expended or encumbered at least sixty percent of the contract amount prior to the beginning of the tenth month of the contract term, this Contract shall be subject to full or partial termination by the Zoning, Neighborhoods & Development Committee.
3. **Final Cost Report.** The final cost report for this Contract must be filed no later than 4:00 P.M. on the fifteenth day after the end of the contract term (e.g., for January 1 - December 31 contracts).
4. **Payment of Accrued Costs.** All accrued costs reported on the final cost report must be paid no later than the forty-fifth-day after the end of the contract term (e.g., for January 1 - December 31 contracts, not later than February 15 of the succeeding year). Accrued cost is any cost incurred (goods or services ordered, in transit, or received) but not yet paid and/or recorded as such on the financial records of the project.
5. **Fiscal Year Close Out.** Costs submitted to the City for reimbursement after the close out date of the close of the fiscal year, CDGA is authorized to charge the amount in question to the project's current year contract.
6. **Recovery of Unexpended Funds.** All budget balances remaining sixty days after the end of the contract term shall revert to the HTF.

PROCUREMENT POLICIES

- A. **Procurement Procedures:** Proper procurement procedures must be followed in order to secure any goods and services to be purchased (or reimbursed) with City funds, including the selection of contractors, suppliers and related vendors. As such, City of Milwaukee funded housing production agencies must adhere to the following procurement procedures:
1. Contracts and Purchase of Less than \$5,000 - An agency must document that it has contacted at least three bonafide sources and has selected the source that provides the most appropriate product, at a price most reasonable for the project.
 2. Contracts and Purchases From \$5,000 to \$30,000 - Agencies must request proposals from at least three bonafide sources. Requests for proposals must be in writing and provide all contractors, vendors, and suppliers the same information and opportunity to "walk-through" a project, if appropriate. Additionally, copies of all bids received and a bid tabulation sheet that justifies contractor selection must be maintained for each project. In order for a bid to be acceptable, it must be from bonafide contractors, licensed in the City of Milwaukee, be signed and dated, and include a complete list of activities to be performed, and/or materials and services to be provided.
 3. Contracts and Purchases Greater than \$30,000 All Requests for Proposals greater than \$20,000 must be advertised in either the Milwaukee Journal Sentinel or the Daily Reporter. Additionally, copies of all bids received and a bid tabulation sheet that justifies contractor selection must be maintained for each project. In order for a bid to be acceptable, it must be from bonafide contractors, licensed in the City of Milwaukee, be signed and dated, and include a complete list of activities to be performed, and or materials and services to be provided. Failure to follow these procurement procedures will result in a Finding during a CDGA monitoring visit and will require the agency to "payback" all HTF funds disbursed using non-Federal funds.

Conflict of Interest Regulations Applicable to City of Milwaukee Housing Trust Fund

Persons Covered

1. Employees of the City of Milwaukee
2. Employees of the subrecipient organizations (Including Board members)
3. Agents of the City
4. Consultants of the City
5. Officers of the City
6. Elected officials of the City
7. Appointed officials of the City

No Persons (identified above)

- who exercise any functions or responsibilities with respect to HTF activities, or
- who have exercised any functions or responsibilities with respect to HTF activities, or
- who are in a position to participate in a decision making process, or
- who are in a position to gain inside information with regard to such activities.

Prohibition

- may obtain a *financial interest* from a HTF assisted activity, or
- obtain a *benefit* from a HTF assisted activity, or
- have a *financial interest* in any contract, subcontract, or agreement with respect to a HTF assisted activity, or with respect to the proceeds of the HTF assisted activity
- either for themselves, or
- those with whom they have business or immediate family ties,
- during their tenure or for one year thereafter.

Employees of both the City and Employees of Subrecipient Organizations that receive HTF funds:

Before any employee who exercises or has exercised any functions or responsibilities with respect to HTF activities, or who is in a position to participate in a decisionmaking process or gain inside information with regard to HTF activities, is permitted to avail himself or herself of a financial interest or benefit from programs funded with those grants, or is permitted to enter into any contract or agreement relating to such activities, the City, on behalf of the employee, is required to first seek an exception to the conflict of interest regulations .

City Employees & Board members: Any City employee who exercises or has exercised any functions or responsibilities with respect to HTF activities, or who is in a position to participate in a decisionmaking process or gain inside information with regard to HTF activities, and who wishes to participate in a program funded with HTF funds, should first seek a confidential advisory opinion from the Ethics Board. In order to seek an exception from the conflict-of-interest regulations, an employee or Board member must provide an opinion of the City Attorney that the relationship at issue does not violate state or local law.

Any other City Employee described above whose position involves activities related to a HTF funded program in which he or she wishes to participate should seek a confidential advisory opinion from the Ethics Board before participating in the program.

**CITY OF MILWAUKEE - HOUSING TRUST FUND
PROPOSED SCHEDULE - 2007**

Date(s)	Key Activity
September 11, 2007	HTFAB Meeting - Review Draft Policies & Procedures
September 18, 2007	RFPs Issued (Available for download from CDGA website w/ links from Mayor's, DCD, & City Clerk Pages.) Advertising: Sept. 17-21, 2007 Milw. JS; and week of Sept 21 in El Conquistador and Community Journal.
October 9, 2007	HTFAB Meeting - Finalize Policies & Procedures
October 10, 2007	RFPs due to CDGA
October 17, 2007	CDGA Finishes Review of Apps for Completeness and forwards eligible/completed applications to Tech Committee (No Scoring by CDGA)
October 31, 2007	Technical Committee Completes Review, Issues Comments, and forwards to full Committee
November 13, 2007	HTFAB Meeting: HTFAB Finishes Scoring and Approves its Funding Recommendations to ZND
December 4, 2007	Zoning, Neighborhoods, & Development Committee - Approve Funding
December 11, 2007	Common Council - Approve Funding
December 11, 2007	HTFAB Meeting
December 15, 2007	Complete HTF Term Sheets and Legal Documents
December 20, 2007	Begin Preliminary Review of Agencies Recommended (as needed)
December 20, 2007	Begin Term Sheet Negotiations
First Quarter 2008	Contract Execution