

GMAR
Greater Milwaukee Association of
REALTORS®
Est. 1892

Sept. 18, 2006

Ald. Michael D'Amato, Chairman,
Zoning, Neighborhoods and Development Committee
City of Milwaukee
200 E. Wells Street
Milwaukee, WI 53202

RE: file 060071

Dear Alderman D'Amato:

On behalf of the Greater Milwaukee Association of REALTORS® (GMAR), I am writing to address the substitute resolution relating to the recommendations of the Milwaukee Housing Trust Fund (HTF) Task Force for the operation and funding of a housing trust fund (file 060071).

We commend the hard work and research by the Milwaukee Housing Trust Fund Task Force. The GMAR recognizes the urgent need to help Milwaukee's homeless population, as well as those seeking affordable housing, and to help establish a permanent and sustainable housing trust fund for the city. However, we do have reservations with some of the financing recommendations.

We also recognize that the fiscal constraints facing the city, county and state will make the funding of the HTF difficult. In order to help the Zoning, Neighborhoods and Development Committee and Mayor Barrett focus on the most viable funding sources, we would like to share our concerns with a few of the funding options considered. Specifically, the final 2 bullet points in the 7th item on the financing recommendations from the HTF Task Force-raising the real estate transfer fee and the elimination of the exemption for LLC's.

We do not believe the proposal to raise the real estate transfer fee from the current \$3 per \$1,000 to \$4 per \$1,000 is constructive. While the amount may appear to be trivial, a 33% increase in the transfer tax would mean millions of dollars being taken from citizens who are homeowners – many of whom struggled to purchase a home of their own. In our opinion it is punitive and counterintuitive to tax only those who have purchased a home in order to provide housing services to another group. Providing additional affordable housing opportunities is something that benefits the entire community and therefore should not be funded by taxing only one small segment of the population.

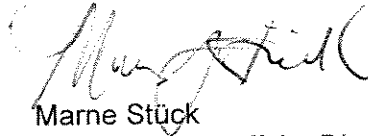
We are also opposed to the elimination of the exemption from the real estate transfer fee for limited liability corporations (LLC). Often times several developers or investors will join together as an LLC on a temporary basis in order to purchase a building for redevelopment. Once the redeveloped building is sold, for example as condominiums, there is a dramatic increase in value and each unit pays a transfer fee. Taxing the transfer from an owner to an LLC and then taxing the LLC again at the point of sale amounts to double dipping and is a disincentive to redevelop property.



As we have advocated in the past, we believe the HTF is truly a public policy priority for Milwaukee and, therefore, the primary source of its funding should come from the city's general fund; revenue the city receives from all funding sources (federal, state, and all types of real estate).

Thank you for your time and consideration on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Marne Stück". The signature is written in a cursive, flowing style.

Marne Stück
Governmental Affairs Director
Greater Milwaukee Association of REALTORS®

cc: Ald. Wade-Vice-Chair
Ald. Murphy
Ald. Hamilton
Ald. Bauman