



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin 53202

Meeting Minutes HOUSING TRUST FUND ADVISORY BOARD FINANCE SUBCOMMITTEE

CATHIE MADDEN, CHAIR
*Jim Mathy, Vice-Chair Brian Peters; Kenneth Little, and Kori
Schneider Peragine*

*Staff Assistant, Joanna Polanco, 286-2366,
jpolan@milwaukee.gov*

Wednesday, May 12, 2010

10:00 AM

Room 102, Zeidler Municipal Building
841 N. Broadway

Meeting convened: 10:09 a.m.

1. Roll call

Present 4 - Madden, Peters, Mathy and Little

Excused 1 - Sanchez

Also present: Assistant City Attorney Tom Gartner and Ms. Kori Schneider Peragine, Metropolitan Milwaukee Fair Housing Council, appeared on behalf of Ms. Sanchez

2. Review and approval of the minutes of the March 18, 2010 meeting

Mr. Mathy moved approval of the minutes, Mr. Peters seconded. There were no objections.

3. Discussion relating to housing trust fund funding sources

Ms. Madden said she met with United Way's head of donor solicitation, and was advised that a government entity cannot be given United Way funds directly. She said if the housing trust fund was to create a 501(c) (3) trust, it could potentially become a recipient. In addition, United Way has changed its recipient focus to health, income and education. She said housing is not one of their primary recipients; however, this board could package the housing with one of those three and show that there is a relationship between them.

Mr. Mathy asked if Continuum of Care could be the non-profit recipient of United Way funds for the housing trust fund?

Ms. Madden replied that she did not know.

Mr. Mathy said he will look into whether that is something that could be done by Continuum of Care.

Mr. Peters said Continuum of Care has a lot of individual non-profit agencies in it that are already receiving United Way funds.

Mr. Peters said that he looked into Community Shares and they are similar to United Way in that the recipient needs to be a 501(c) (3) non-profit organization. He said the difference is that they allow the employee to pick who they want their donations to go to.

Mr. Peters said that in his research on other communities' housing trust fund models, he found that some of the communities have set up their housing trust fund as a non-profit organization and that is something that this board could explore.

Ms. Madden said Mr. Marion Higgins with the Community Development Grants Admin. was assigned to get a list of all the organizations that are receiving housing trust fund (HTF) and United Way dollars, but he isn't present today.

Ms. Madden referred members to her handout titled: Give Me Shelter: Responding to Milwaukee County's Affordable housing challenges, Public Policy Forum May 2009 Study, Promising Practices (pp 54-63) (Exhibit 1). She said those nine pages touched on four types of practices this subcommittee may want to look at. The four types are Financing, Capacity Building, other communities' housing trust funds and Innovative Ideas. She elaborated on the examples of the Columbus/Franklin County Affordable Housing Trust and the King County, Washington regional coalition for housing and said those two concepts are the most compelling to her. She said she will continue to research those concepts.

Ms. Madden said the third concept she found interesting is on page four of her handout, under, Innovative Ideas, a. Corporate Neighborhood-Focused Investments, i. Models: 2. Minneapolis, the Philips Partnership. She said the Abbott Northwestern hospital was the catalyst for the Philips Partnership. She said the question is, is there a hospital in the Milwaukee area that would be willing to put together a partnership similar to the Philips Partnership. She said there is data that shows that when there was an investment in housing in the area of a particular hospital the health care cost for that hospital went down.

Mr. Mathy said there has been a cost saving in health care in Milwaukee due to investments in supportive housing. He said the Corporation for Supportive of

Housing located in Chicago has done several studies and has data to support that savings. Mr. Mathy said he will go to that website and gather any studies relating to the health care cost savings due to investments in supportive of housing.

Mr. Little replied that St. Joseph hospital has historically done those types of programs in the Sherman Park area.

Mr. Peters said he has requested information from Select Milwaukee on their Employer-Assisted Housing Program. He said that housing program works with employers so that the employers can help their employees purchase homes near their place of employment. He said Select Milwaukee does have an agreement with United Way for that program. He said when he receives that information he will share it with committee members.

Ms. Madden referred to the promising practices handout and elaborated on item #1 Financing.

Mr. Mathy replied that the examples that Ms. Madden is referring to in her handout are regional trust funds and this committee will have to determine if it wants to have a city or regional trust fund.

Ms. Madden replied that further research should be done on the pros and cons of having a city or a regional housing trust.

Ms. Madden referred again to her handout and explained her findings on Indianapolis' Housing Trust Fund. She asked how a city or county could accept funds from a hospital.

Attorney Gartner replied that it isn't a problem for the city to accept contributions, the problem is in the tax treatment for the private contributors and on the limitation on what those donations could be used for.

Mr. Mathy said he will look into how the Milwaukee county hospital handles private contributions.

Ms. Madden provided members with a handout that listed several state and city housing trust fund models that she obtained from Center for Community Change (Exhibit 2).

Mr. Peters provided members with a handout with a list of city and county housing trust fund models (Exhibit 3).

Ms. Madden explained each of the state and city housing trust fund models, beginning with Iowa. She elaborated on Philadelphia's model from both her and Mr. Peters' handout.

Ms. Madden said that her handout provides contact information for each of the locations she researched.

Mr. Peters said he will try to find out more information on Philadelphia's funding source.

Ms. Madden said New Jersey's state HTF is similar to Select Milwaukee's employee assistant program.

Ms. Madden said that Missouri has a unique benefit that allows individuals and

businesses to receive a tax credit for their charitable contributions and said she will look in to that further to see if that would be a benefit and what kind of legislation would be needed to allow for that.

Ms. Madden said whatever model that Milwaukee comes up with it should have a website like Santa Clara, CA that allows for individuals and business to donate on line.

Ms. Madden said West Virginia receives transfer fees for its HTF from factory-built homes and asked if the City of Milwaukee has any factory-built homes?

Mr. Little replied in the affirmative.

Mr. Peters said the City of Seattle HTF is run through their Office of Housing and in November 2009 their Council approved \$145 million from their property tax levy for their HTF program. He said those funds would be used over seven years.

Ms. Madden said Seattle is worth exploring more, because it is so recent.

Mr. Madden asked Mr. Peters to find out what strategy Seattle used in getting those funds and what condition Seattle's budget is in.

Mr. Peters said that one of the things he found interesting about New Jersey is that the state passed legislation that allows the counties to use \$3 of their document recording surcharge for their homelessness trust fund.

Mr. Peters explained his research findings for the following cities and counties housing trust fund models (Exhibit 3): Pinellas County, Florida; San Diego, CA; Washington, D.C.; City of Atlanta; Oakland, CA; Chicago and West Hollywood, CA; Santa-Rosa, CA and Tucson, AZ.

Ms. Madden asked Mr. Peters to find out if Washington D.C.'s transfer tax dollar amounts are correct?

Mr. Peters said Washington D.C.'s transfer taxes were approved but their Council has to re-approve every year.

Ms. Madden asked Mr. Peters to find out how Washington, D.C. got the transfer taxes legislation passed and what its budget is like.

Ms. Madden asked Mr. Peters if he could find out more details on Atlanta's beltline tax allocation district. Ms. Schneider-Peragine offered to follow up on this in place of Mr. Peters.

Mr. Peters said he wasn't sure on what Chicago's source of revenue is, but will research that further.

Ms. Madden suggested that Mr. Peters look at the Public Policy Forum May 2009 Study, because there is some information in it on Chicago's housing trust fund.

Mr. Little said he would do some research on Community Development Financial Institutions (CDFI) and will include what the purpose of Milwaukee's is and whether or not Chicago and/or New York CDFIs models.

Roll call taken at 11:15 A.M.

Present 3 - Madden, Peters and Mathy

Excused 2 - Sanchez and Little

4. Discussion relating to housing trust parameters

Mr. Mathy said that he is waiting to hear back from Mr. Higgins as far as what kind of staffing time is needed for small projects vs. large projects.

Mr. Mathy said that this board should look at setting a base and ceiling amount for awards. He said the county has a minimum of \$100,000 and a maximum is \$500,000.

Mr. Mathy said as far as recommendations on whether to allocate the funds as a grant or a loan will depend on what types of projects this board wants to fund going forward. He said if the awards were loans the supportive housing projects would not apply for this money, because their projects have to be debt free. He said homeownership projects could possibly be structure as a loan.

Mr. Mathy said that the duration of grants would depend on when and if an organization that is applying for HTF has received its tax credits. He said one recommendation could be that if an applicant hasn't received its tax credit they can not apply for HTF dollars. He also said that lining up of the HTF awards with the WHEDA tax credit award would help. He said some of smaller projects don't apply for WHEDA tax credits and would not be affected.

5. Discussion relating to future agendas: What should we follow up on and how:

Ms. Madden said that this committee needs to determine when to invite Jennifer Gonda, Dept. of Admin., Intergovernmental Relations to appear before this subcommittee as a follow-up to the discussion on File #060071 and also to discuss any of the strategies that other cities are using as noted in Mr. Peters handout on cities and counties housing trust fund models (Exhibit 3).

Ms. Madden said the following items will be held and brought back for discussion at the committee next meeting:

--Consideration of 501(c) (3) Foundation vs. Entity

--Discussion relating to Real Estate Transfer Fee: should it be pursued again?

--Review Mr. Jeff Osterman's & Mr. Leo Ries' memos to determine if any ideas on those memos should be pursued

--Review Public Policy Forum focus group notes and determine if any of those ideas should be pursued

--TID Extension/funding

6. Next meeting date, time and agenda

Next meeting date: Wednesday, June 23, 2010 at 10:00 A.M.

Future agenda items:

- 1. Appearance by Jennifer Gonda*
- 2. Discussion relating to TIF extension should be put on as an agenda item when Ms. Gonda is available to appeared*
- 3. Discussion relating to future agendas: Who and How should we follow up on...*
 - Consideration of 501(c) (3) Foundation vs. Entity*
 - Discussion relating to Real Estate Transfer Fee: should it be pursued again?*
 - Review Mr. Jeff Osterman's & Mr. Leo Ries' memos to determine if any ideas on those memos should be pursued*
 - Review Public Policy Forum focus group notes and determine if any of those ideas should be pursued*
 - TID Extension/funding*

Meeting adjourned: 11:41 a.m.

Terry J. MacDonald
Staff Assistant

Give Me Shelter: Responding to Milwaukee County's affordable housing challenges (Public Policy Forum study: May 2009)

Promising Practices (pp 54-63)

1. Financing

- a. Community Development Financial Institution (CDFI): Milwaukee lacks a CDFI that focuses solely (or, a significant portion of its time) on creation of new and rehabbed affordable housing. Such a CDFI, given the right infrastructure, expertise and capacity, could attract private investment.
- b. Models:
 - i. **Chicago's Community Investment Corporation (CIC):** pg. 54
 - ii. **New York's Community Preservation Corporation (CPC):** pg 55

2. Capacity Building

- a. CDCs can play an important role in preserving and creating new affordable housing. However, Milwaukee's CDCs are small and have had limited success with larger real estate transactions or even piecemeal acquisition and rehabilitation projects. Other cities have found that a "one-stop" technical assistance agency can be an effective capacity-building tool for CDCs and investor-owners.
- b. Model that provides technical assistance and training to increase CDC capacity:
 - i. **Chicago Rehab Network (CRN):** pg. 56
- c. Models that encourage private investment:
 - i. **New York's Community Preservation Corporation (CPC):** pg. 56
 - ii. **City of Milwaukee: "Buy in Your Own Neighborhood" (Issues: limited funding and the program is available in only a small number of Targeted Investment Neighborhoods):** pg. 57

3. Housing Trust Funds (HTF)

- a. These exist because community organizers, housing advocates and elected officials alike have agreed that a permanent stream of revenue for affordable housing should be a public priority. While progress has been made in this area in Milwaukee with the creation of an HTF, it is not accompanied by predictable and secure funding sources.
- b. Models of HTFs that have achieved stability and scale:
 - i. **Indianapolis Housing Trust Fund:** pp. 57-58
 - 1. **Funding source(s):** Revenue from electronic filing of property sales disclosure forms and annual investment from the Health & Hospital Corporation of Marion County.
 - ii. **Chicago, Low-Income Housing Trust Fund:** pp. 58-59
 - 1. **Funding source(s):** Discretionary monies from the City of Chicago's corporate fund, HOME and other federal assistance, developer fees, and



proceeds from the privatization of the Skyway toll road connecting Illinois and Indiana.

iii. **Columbus/Franklin County Affordable Housing Trust: pp. 59-60**

1. **Funding source(s):**

- a. **Franklin County:** Dedicates half of a \$1 increased real estate transfer fee to the Trust.
- b. **City of Columbus:** Provides a portion of hotel/motel taxes annually to maintain the Trust's capitalization.
- c. **NOTE:** The Trust was established as an independent, nonprofit corporation in 2001 that does lending for affordable new home and apartment development and for the rehabilitation of vacant and abandoned residential buildings. www.thehousingtrust.org
- d. It is a revolving loan fund that is growing every year. In 2008 the fund was self-supporting for the first time and was able to cover all of its administrative costs without tapping funds from the city or county.
- e. No private funding.

2. **Board of Directors** = retired bankers, developers, and housing advocates who are jointly appointed and approved by the city and county, review and approve projects servicing families up to 80% of AMI.

iv. **King County, Washington (A Regional Coalition for Housing/ARCH): pp. 60-61**

1. **Funding source(s):**

- a. General Fund and CDBG contributions from member municipalities. (Arch was created and funded by 15 cities and King County. Parity formulas help guide municipal contribution to the trust fund based on city size and expected job and housing growth.)
- b. Also capitalized by payments from developers, loan repayments, interest earnings, and in-kind contributions from member municipalities, e.g., fee waivers, infrastructure improvements, and contributions of land.
- c. Funds are made available as both grants and low-interest contingent loans. Projects are matched with funding sources based on jurisdictional location thus ensuring equitable distribution of funding and housing units between member jurisdictions.

2. **Success Factors:**

- a. Coordination and leveraging of public resources and attraction of private and non-profit investment.

- b. Information sharing, e.g., pooling technical resources and information across jurisdictions.
- c. Technical assistance ARCH provides.
- d. Community participation and leadership that promotes involvement from community members, information gathering and sharing, and strengthening leadership.

4. Innovative Ideas

a. Corporate Neighborhood-focused Investments: pp 61-62

i. Models:

- 1. Milwaukee: City’s Targeted Investment Neighborhood (TIN) Program**
- 2. Minneapolis: the Philips Partnership** (which includes Abbott Northwestern Hospital, Wells Fargo Bank, Hennepin County, the City of Minneapolis, the Metropolitan Council, Children’s Hospitals and Clinics-Minneapolis, the Minneapolis Foundation and Fannie Mae)

a. www.phillipspartnership.org/housing.html

b. Foundation-based Housing Initiatives: pg. 62

i. Model:

1. Connecticut: The Fairfield County Collaborative Fund for Affordable Housing

- a. Consortium of mostly foundations and a few banks with the goal of increasing and preserving quality affordable housing.
- b. LISC-Connecticut manages the Fund.

c. Section 8 Voucher Homeownership and Family Self-Sufficiency Programs: pp. 62-63

i. Section 8 Homeownership Program: Allows low-income renters currently receiving Section 8 vouchers, and/or those eligible for vouchers, to use the voucher toward a mortgage payment.

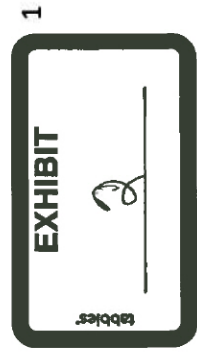
ii. Family Self-sufficiency Program: Encourages communities to develop local strategies to help voucher families obtain employment.

1. Models:

- a. **Illinois: DuPage Housing Choice Homeownership Program**
- b. **Massachusetts: Family Self-Sufficiency Program**

Location	Type of HTF	HTF Inception Date	"Dedicated" Legislation Passed In...	Revenue Source for (dedicated) funding?	How was Legislation passed?	Contact Information
Iowa	State	2003	2008	<p>1) Re-build Iowa Infrastructure Fund</p> <p>2) Real Estate Transfer Fees: 1st Yr: 5%; amounts inc. each year until 2014, and each year thereafter 30% of revenues are transferred. (Caps at \$3M/year)</p>	<ul style="list-style-type: none"> Sponsored Affordable Housing Advocacy Days Worked w/Lobbyist hired w/United Way help Illustrated impact of the state fund on communities throughout the state. 	<p>Sheila Lumley Polk County HTF Des Moines, IA 515.282.3233</p>
Philadelphia	City	2005	<p>2005</p> <p>May, 2008: City Council voted to amend FY2009 operating budget to expand funding by \$3M annually for each of next 5 years.</p>	<p>Deed & Mortgage Recording fees: \$14M annually</p> <p>May, 2008</p> <p>1) Short-term inc to fill the gap resulting from a decline in recording fee revenue</p> <p>2) Substantial longer-term increase from dedicated sources, e.g., new property tax revenues from developments as their 10-yr. abatements expire.</p>	<p>May, 2008</p> <p>How done: Campaign for Vibrant and Safe Neighborhoods (a coalition of over 60 organizations led by the Philadelphia Association of Community Development Corp) did concerted education and advocacy.</p>	<p>Rick Sauer Philadelphia Association of CDC's Philadelphia, PA 215.732.5829</p>

Source: Center For Community Change (2008)



Location	Type of HTF	HTF Inception Date	"Dedicated" Legislation Passed In...	Revenue Source for (dedicated) funding?	How was Legislation passed?	Contact Information
New Jersey	State	2008?	N/A Passed a major housing reform bill.	Non-residential developer fee on all communities <ul style="list-style-type: none"> "Some" of the revenue goes to the State HTF 	NOTE: 7.17.08 Proposed changes to NJ housing laws to 1) Produce more housing for low-income moderate income people 2) Promote housing built closer to where people work.	Arnold Cohen Housing & Community Development Network of NJ 609.393.3752
Massachusetts	Affordable Housing Trust Fund	2001	N/A 2005: Received \$100M Bond authorization 2008?: Received addtl \$220M	2008: \$1.275B 5-year housing bond (state level)		Aaron Gornstein Citizen's Housing Planning Assoc. 617.702.0820
Michigan	N/A	N/A	N/A	Legislature inc. funding for the Community Development Fund by an additional \$2M (to the existing \$2.16 appropriation) contingent on receipt of addtl funds from TANF	N/A	Alicia Quintero Community Economic Development Assoc. of Michigan 517.485.3588

Source: Center For Community Change (2008)

Location	Type of HTF	HTF Inception Date	"Dedicated" Legislation Passed In...	Revenue Source for (dedicated) funding?	How was Legislation passed?	Contact Information
Missouri	State	1994	N/A	<p>\$3 Recording Fee on real estate documents</p> <p>Proposed: \$7 increase in document recording fee and a \$4M increase in the Affordable Housing Assistance Program, which enables individuals and businesses to receive a tax credit for 55% of their charitable contributions. Also, bills in House & Senate to inc. Document Recording Fee to \$10 (\$9 to HTF; \$1 to County Recorder of Deeds).</p>	N/A	<p>Sandy Wilson Missouri Assoc. for Social Welfare 573.634.2901 www.masw.org</p>
Santa Clara, CA (Housing Trust of Santa Clara County)	N/A— A Trust, not Trust Fund			<p>They seek private, corporate & government support through their website ("click on the Donate \$\$ link") or contacting them at: 408.436.3450.</p> <p>Objective: Leverage private sector funds with a City of San Antonio Housing Trust investment of \$312,500 to revitalize the inner city.</p>	N/A	<p>Housing Trust of Santa Clara County: http://www.housingtrustsc.org/</p>
San Antonio (Housing Asset Recovery Prog)	N/A	N/A	N/A	<p>Objective: Leverage private sector funds with a City of San Antonio Housing Trust investment of \$312,500 to revitalize the inner city.</p>	<p>Strategy: Acquire vacant homes and match them to existing vacant lots & neighborhoods. Contract w/private sector partners to provide repair and property disposition services.</p>	

Source: Center For Community Change (2008)

Location	Type of HTF	HTF Inception Date	"Dedicated" Legislation Passed In...	Revenue Source for (dedicated) funding?	How was Legislation passed?	Contact Information
West Virginia	State	2001	2008	Additional \$20 fee w/b charged on the transfer of real property and the sale of factory-built homes by licensed dealers. (will generate > \$1M/yr)	<p>2005/6: Previous efforts to secure dedicated funding had failed to housing entities throughout the State formed "Friends" of the Trust Fund to have a more influential group advocate for dedicated funding.</p> <p>2007: Nail driving contest among Legislators.</p>	<p>Lara Pierce Habitat for Humanity of WVa 304.720.7636 www.habitatwv.org</p>
Austin, TX	City	1998?	N/A	N/A However, campaign efforts resulted in a \$55M bond for affordable housing being approved in Nov., 2008. A portion of the bonds will go to the HTF.	<p>- Political Consultant held a series of housing forums</p> <p>- Citizens Bond Committee was formed</p> <p>- "There's No Place Like Home" Campaign</p> <p>- Campaign focused on successful models of affordable housing</p>	<p>Karen Paup TX Low Income Housing Information Service 512.477.8910</p>
Illinois	State	?	1989	Real Estate Transfer* tax on property sellers: \$.50/\$500. Half of those \$\$ are dedicated to the Affordable Housing Trust Fund. * Note: 35 states collect a real estate transfer fee.	<p>2008: - Tax cut proposed of \$.10/\$500 to sellers of property < \$500k. (Estimated revenue=\$215M inc. \$49.5M new funds). - 20% of AHTF be targeted for supportive housing.</p>	<p>Tammie Grossman Housing Action Illinois 312.939.6074 www.housingactionil.org</p>

Source: Center For Community Change (2008)

Location	Type of HTF	HTF Inception Date	"Dedicated" Legislation Passed In...	Revenue Source for (dedicated) funding?	How was Legislation passed?	Contact Information
Indiana	State & City	State? Other cities? Indiana-polis: 2002	City HTFs have dedicated revenue, not the State HTF Example = Indianapolis: 2006	Document recording fees and local government bond issuance surcharge. Indianapolis: - 2006: \$\$ from electronic filing of property sales disclosure forms - 2007: Health & Hospital Corp. of Marion County (a municipal corporation that runs the county's health services department as well as a hospital) agreed to invest \$1M/yr. to the HTF	Proposed only. Note: The campaign worked with Hoosiers throughout the state to raise awareness & understanding of the need for affordable housing.	Christie Gillespie Indiana Assoc. for Community Economic Development 317.920.2300

Housing Trust Fund	Model	Funded by:
City of Seattle	City Office of Housing	7-year \$145 million levy passed in Nov 2009 through property tax
New Jersey Counties	County Trust Fund advised by taskforce. Required 10-yr plan plus ordinance authorizing trust fund & collection of \$	Enabling authority to allow counties to have \$3 document recording surcharge for homelessness trust fund
City of Philadelphia	City Trust Fund	Deed & Mortgage Recording Fee
Pinellas County, Florida	County program to purchase land for affordable housing	1-cent sales tax "Penny for Pinellas" (not for housing only; housing is anticipated to be 3.6% of allocations or \$30 million over 10 years.
San Diego Housing Trust Fund	City	Commercial linkage fee (fee on sq. ft of commercial /industrial development)
Washington DC	City	Deed Recording & Transfer Taxes. Note the first \$70 million in 2010 and first \$80 million in 2011 then indexed to inflation (subject to Council approval).
City of Atlanta	City	Beltline Tax Allocation District (system of new parks, transit & housing around 22-mile loop of railroad). 15% will go to housing trust fund-at least \$240 million over 25 years.
Oakland Housing Trust Fund	City	Linkage fee on development; not a lot of money
Chicago	Created by City in 1989; incorporated as non-profit in 1990 but Board of Directors appointed by Mayor. Admin support by City Dept. of Housing.	Variety of revenue sources; Administers rental support from state; some revenue from general operating fund, Not clear the source of money from some of revenue providers
West Hollywood	City	Requires residential and commercial developers to either provide affordable housing or pay a fee in in-lieu of providing said housing. Residential in-lieu fees, commercial development fees, and settlement funds are paid to the City's Housing Trust Fund to be used exclusively for projects with at least twenty percent (20%) of the total number of units affordable to low income households and a minimum of sixty percent (60%) of the total number of units affordable to low and moderate income households. The funds are used by non-profit developers to build said housing.

