



Tom Barrett
Mayor, City of Milwaukee

November 17, 2020

The Honorable, Common Council
of the City of Milwaukee

Honorable Council Members:

The 2021 City Budget has been the most challenging budget we have faced. Circumstances caused by the COVID-19 pandemic made the development of the budget much more difficult. The fiscal handcuffs placed on the City by the State Legislature and our coming pension obligations put us in a very difficult position. Despite all the challenges, I commend you on the 2021 budget you have adopted.

I appreciate your thorough review of my 2021 Proposed Budget and your serious discussions on how we best serve our residents. There are two items that concern me. The first item is the reduction of affordable housing funding in the 10,000 Homes program (\$400,000) and the Strong Homes Loan program (\$100,000). Affordable housing and increased homeownership are critical for neighborhoods and for racial equity. The 10,000 Homes pledge remains on track through June of this year. Strong Homes Loans have helped hundreds of Milwaukee families fund critical improvements to their homes.

We all agree that lead abatement is a critical priority. The Health Department has available funding from 2020 and a new appropriation of \$5 million in 2021. This means there will be approximately \$9 million available in 2021 for the lead program. That funding will continue progress toward reaching more children and families, as outlined by the Coalition on Lead Emergency.

The second item of concern is the funding for the Alert Neighbor Program. I support the program but believe there is a reasonable alternative to funding this effort, as outlined in my veto message.

I have submitted vetoes for these items that are explained in detail in the attached documents. If the Council sustains these vetoes and adopts my proposed substitute actions, there will be no change to funding in the budget and no change to the tax levy in the Council's Adopted Budget.

Thank you for your consideration.

Sincerely,

Tom Barrett
Mayor

Veto of Certain Lines and Items included in Common Council Amendment 1E

I am issuing a veto of certain lines in the Capital Budget, specifically the reduction of \$500,000 for affordable housing funding connected to my 10,000 Homes and the Strong Homes Loan program.

From 2018 through the middle of 2020, the 10,000 Homes Initiative is meeting its goals, impacting over 2,500 housing units throughout the City, creating new homeownership and affordable rental units. Each Aldermanic District has at least one, and often dozens or hundreds, of successful new or renovated affordable housing units thanks to the Strong Neighborhoods Plan and the 10,000 Homes initiative.

The City's recent pledge of TID funds for affordable housing has motivated outside partners to consider additional public and private investment in housing. The allocation of City funding is critical to leveraging these resources for the City's housing efforts.

We know that homeownership is the best path for families to increase their net worth and for Milwaukee to close the racial wealth gap. A crucial goal of the 10,000 Homes initiative is increasing and sustaining our homeownership rate, especially for people of color. I'm proud that in just two years, almost 100 new homeowners have been supported in Districts 1, 6, 7, and 15 alone. Two thirds of the affordable units preserved or improved and 57% of new affordable units are in those same districts.

In addition to supporting successful existing programming, the \$400,000 allocated to the 10,000 Homes effort will be deployed to increase homeownership and address disparities in homeownership rates in the City. That funding will also help implement alternative homeownership models, and assist our anti-displacement efforts.

The Strong Homes Loan program has helped hundreds of Milwaukee families remain in their home when faced with home repairs they cannot afford. Since 2014, the program has assisted over 450 homeowners, originating more than \$6.7 million in lending activity. The average income of a Strong Homes Loan recipient is 62% of Area Median Income. The average age of a Strong Homes loan recipient is 62 years old and they have owned their property for over 20 years. The program has also been successful in supporting local contractors – over 70% of the contracting activity in the program has been performed by minority owned firms.

Funding for those high impact neighborhood investments were diverted to a newly created "Safe Homes" initiative. I appreciate the Council's addition of position authority to support the Health Department's work and have left that intact.

The Department and the City's Board of Health are working to finish a strategic plan for lead abatement. When finished in early 2021, it will be a guide for how, when, and where to direct funding to continue reducing lead poisoning for Milwaukee's children. I am directing the Health Department to include objectives of the Safe Homes initiative in that plan and future funding. The Health Department has approximately \$9 million available to abate homes in 2021.

As you all know, we have invested over \$70 million in lead abatement since 2005, with a tremendous impact: over 70% fewer kids in Milwaukee are harmed by lead. We all want the number of kids adversely affected by lead to be zero. I thank you all for working collaboratively to reach that goal.

I ask that you sustain my veto. I have attached a proposed substitute action restoring those neighborhood investments.

CAPITAL IMPROVEMENTS BUDGET, AMENDMENT 1E

A. DISAPPROVAL ACTION

The Mayor disapproves of the following budget line(s) in the 2021 budget: (which were affected by Common Council Amendment 1E, which added funding for a SafeHomes Lead Abatement Initiative, and reduced funding for the 10,000 Homes Initiative and the Strong Homes Loan Program):

<u>BMD-2</u> <u>Page and</u> <u>Line No.</u>	<u>Item Description</u>	<u>2021 Positions</u> <u>or Units</u>	<u>2021 Amount</u>
SECTION I.C.1. BUDGETS FOR CAPITAL IMPROVEMENTS			
DEPARTMENT OF CITY DEVELOPMENT			
450.10-17	10,000 Homes Initiative (B) Cash Revenues	--	\$0
450.10-21	Strong Homes Loan Program Cash Revenues	--	\$1,200,000
HEALTH DEPARTMENT			
450.19-13	Lead Paint Prevention/Abatement Cash Revenues	--	\$500,000

In lieu of the above disapproved item I recommend adoption of the following substitute action:

B. SUBSTITUTE ACTION

<u>BMD-2</u> <u>Page and</u> <u>Line No.</u>	<u>Item Description</u>	<u>2021 Positions</u> <u>or Units</u>	<u>2021 Amount</u>
SECTION I.C.1. BUDGETS FOR CAPITAL IMPROVEMENTS			
DEPARTMENT OF CITY DEVELOPMENT			
450.10-17	10,000 Homes Initiative (B) Cash Revenues	--	\$400,000
450.10-21	Strong Homes Loan Program Cash Revenues	--	\$1,300,000

C. COMBINED EFFECT OF ACTIONS A & B ABOVE:

- | | | |
|------------------|---|---------|
| 1. Budget Effect | = | \$0 |
| 2. Levy Effect | = | \$0 |
| 3. Rate Effect | = | \$0.000 |

Veto of Certain Lines and Items included in Common Council Amendment 49

I have vetoed budget lines and amounts for a new special fund in the Common Council - City Clerk titled "Alert Neighbor Program" with \$150,000 of funding. The funding came from a corresponding reduction in police overtime, adopted in Council Amendment 49.

I support this program and its goal of helping connect neighbors and make neighborhoods safer. It is more appropriate to fund it using \$150,000 already appropriated in the 2020 City Clerk budget.

A combination of the use of CARES Act funding and effectively managing vacant positions has left the City Clerk with an estimated 2020 budget surplus of \$700,000. The Budget Office will work with the City Clerk to shift the funds to the appropriate account and ensure they are carried over to fund the Alert Neighbor Program in 2021.

My veto and proposed substitute action, if approved by the Council, will result in a Budget effect of \$0, and a reduced levy of \$0.

I ask that you sustain my veto and adopt the proposed substitute action.

COMMON COUNCIL – CITY CLERK, POLICE DEPARTMENT, AMENDMENT 49

A. DISAPPROVAL ACTION

The Mayor disapproves of the following budget line(s) in the 2021 budget: (which were affected by Common Council Amendment 49, which added funding for an Alert Neighbor Program and reduced funding for overtime in the Police Department):

<u>BMD-2 Page and Line No.</u>	<u>Item Description</u>	<u>2021 Positions or Units</u>	<u>2021 Amount</u>
SECTION I.A.1. BUDGETS FOR GENERAL CITY PURPOSES			
COMMON COUNCIL – CITY CLERK			
160.7-25	Alert Neighbor Program	--	\$150,000
POLICE DEPARTMENT			
270.18-8	Overtime Compensated	--	\$17,091,755
270.20-18	ESTIMATED FRINGE BENEFITS	--	\$90,558,499
380.1-3	FRINGE BENEFIT OFFSET	--	\$-185,332,440

In lieu of the above disapproved item I recommend adoption of the following substitute action:

B. SUBSTITUTE ACTION

<u>BMD-2 Page and Line No.</u>	<u>Item Description</u>	<u>2021 Positions or Units</u>	<u>2021 Amount</u>
SECTION I.A.1. BUDGETS FOR GENERAL CITY PURPOSES			
POLICE DEPARTMENT			
270.18-8	Overtime Compensated	--	\$17,241,755
270.20-18	ESTIMATED FRINGE BENEFITS	--	\$90,630,499
380.1-3	FRINGE BENEFIT OFFSET	--	\$-185,404,440

C. COMBINED EFFECT OF ACTIONS A & B ABOVE:

- 1. Budget Effect = \$0
- 2. Levy Effect = \$0

3. Rate Effect = \$0.000