



City of Milwaukee

City Hall
200 East Wells Street
Milwaukee, WI 53202

Meeting Agenda ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE

ALD. JAMES WITKOWIAK, CHAIR

Ald. Willie Wade, Vice-Chair

Ald. Michael Murphy, Ald. Robert Bauman, and Ald. T. Anthony Zielinski

*Staff Assistant: Tobie Black, 286-2231, Fax: 286-3456,
tblack@milwaukee.gov*

*Legislative Liaison, Jeffrey Osterman, 286-2262,
joster@milwaukee.gov*

Tuesday, February 22, 2011

9:00 AM

Room 301-B, City Hall

1. [101212](#) A substitute ordinance relating to the permitted use of rain barrels.

 Sponsors: Ald. Bohl
 Attachments: [Hearing Notice List](#)

2. [101293](#) Resolution authorizing the sale of City of Milwaukee and Redevelopment Authority vacant lots to Milwaukee Habitat for Humanity, Inc. to create building sites for its 2011 housing program, in the 6th, 7th and 15th Aldermanic Districts.

 Sponsors: Ald. Coggs, Ald. Wade and Ald. Hines Jr.
 Attachments: [Land Disposition Report](#)
 [Fiscal Impact Statement](#)
 [Hearing Notice List](#)

3. [101308](#) Reappointment of Ivan Gamboa to the City Plan Commission by the Mayor. (8th Aldermanic District)

 Sponsors: THE CHAIR
 Attachments: [Reappointment Letter](#)
 [Hearing Notice List](#)

4. [091286](#) Communication from the Housing Trust Fund Advisory Board relative to its 2010 activities.

 Sponsors: THE CHAIR

Attachments: [1-15-10 HTF Technical Review Subcommittee meeting minutes and exhibits](#)
[2-5-10 HTFAB meeting minutes and Exhibit](#)
[2-11-10 HTFAB meeting minutes and exhibits](#)
[3-18-10 HTFAB Finance Subcommittee meeting minutes and exhibits](#)
[E-mail re April 8 2010 Housing Trust Fund Advisory Board meeting cancelled.](#)
[May 12 Minutes and Exhibits](#)
[May 13 Minutes](#)
[June 25 minutes and Exhibits-Technical](#)
[July 13 Minutes and Exhibits](#)
[Sept 9 Minutes and Exhibits](#)
[Oct 14 minutes and exhibits - HTFAB](#)
[Dec 3 minutes and exhibits HTFAB Technical](#)
[Dec 10 minutes and exhibits Technical](#)

This meeting will be webcast live at www.milwaukee.gov/channel25.

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Legislation Details (With Text)

File #: 101212 **Version:** 1

Type: Ordinance **Status:** In Committee

File created: 1/19/2011 **In control:** ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE

On agenda: **Final action:**

Effective date:

Title: A substitute ordinance relating to the permitted use of rain barrels.

Sponsors: ALD. BOHL

Indexes: BUILDING CODE, FLOOD CONTROL

Attachments: Hearing Notice List

Date	Ver.	Action By	Action	Result	Tally
1/19/2011	0	COMMON COUNCIL	ASSIGNED TO		
1/27/2011	0	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		
1/27/2011	0	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		
1/27/2011	0	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		
2/1/2011	1	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	SUBSTITUTED	Pass	5:0
2/1/2011	1	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HELD TO CALL OF THE CHAIR	Pass	5:0
2/1/2011	0	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HELD TO CALL OF THE CHAIR	Pass	5:0
2/1/2011	1	CITY CLERK	DRAFT SUBMITTED		
2/16/2011	1	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		
2/16/2011	1	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		

Number
101212
Version
Substitute 1
Reference

Sponsor
ALD. BOHL
Title
A substitute ordinance relating to the permitted use of rain barrels.

Sections
225-4-2.5 cr

Analysis
This substitute ordinance defines a rain barrel as an above-ground prefabricated storage receptacle

with an automatic overflow diversion system that collects and stores storm water runoff from the roof of a structure that would have been otherwise routed into a storm drain. A rain barrel must be securely covered, include an inlet screen, have an overflow discharge device and have a convenient and functional means of water withdrawal. The use of a rain barrel is permitted provided the overflow discharge conforms to the requirements of roof rainwater discharge to finished grade or is designed to overflow to a treatment drain or storm water conveyance system. The requirements of roof rainwater discharge to finished grade are as follows:

1. Point of discharge shall be a minimum of 2 feet from a basement or foundation wall of alley property line and 5 feet from all other property lines.
2. Discharge shall flow parallel to or away from the nearest property line.
3. The discharge water shall not discharge to a street, alley or other public way.
4. The discharge water shall not create an icy condition on any pedestrian walkways within or adjacent to the subject premises lot lines.

Body

The Mayor and Common Council of the City of Milwaukee do ordain as follows:

Part 1. Section 225-4-2.5 of the code is created to read:

225-4. Drainage of Yard Areas and Roofs.

2.5 RAIN BARRELS. a. Definition. In this subsection, a rain barrel means an above-ground prefabricated storage receptacle with an automatic overflow diversion system that collects and stores storm water runoff from the roof of a structure that would have been otherwise routed into a storm drain.

b. Rain Barrels Permitted. Rain barrels shall be permitted provided that the overflow discharge conforms to the provisions of s. 225-4-2-a, or is designed to overflow to a treatment drain or storm water conveyance system.

c. Requirements. A rain barrel shall be securely covered, include an inlet screen, have an overflow discharge device sized to adequately convey overflow to the point of discharge and have a convenient and functional means of water withdrawal.

LRB

APPROVED AS TO FORM

Legislative Reference Bureau

Date: _____

Attorney

IT IS OUR OPINION THAT THE ORDINANCE
IS LEGAL AND ENFORCEABLE

Office of the City Attorney

Date: _____

Requestor

Drafter

Mary E. Turk
1/31/11
LRB122450-3



Legislation Details (With Text)

File #: 101293 **Version:** 0

Type: Resolution **Status:** In Committee

File created: 2/8/2011 **In control:** ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE

On agenda: **Final action:**

Effective date:

Title: Resolution authorizing the sale of City of Milwaukee and Redevelopment Authority vacant lots to Milwaukee Habitat for Humanity, Inc. to create building sites for its 2011 housing program, in the 6th, 7th and 15th Aldermanic Districts.

Sponsors: ALD. COGGS, ALD. WADE, ALD. HINES JR.

Indexes: CITY PROPERTY, HOUSING, PROPERTY SALES, REDEVELOPMENT AUTHORITY

Attachments: Land Disposition Report, Fiscal Impact Statement, Hearing Notice List

Date	Ver.	Action By	Action	Result	Tally
2/8/2011	0	COMMON COUNCIL	ASSIGNED TO		
2/16/2011	0	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		

Number
101293
Version
ORIGINAL
Reference

Sponsor
ALD. COGGS, WADE AND HINES

Title
Resolution authorizing the sale of City of Milwaukee and Redevelopment Authority vacant lots to Milwaukee Habitat for Humanity, Inc. to create building sites for its 2011 housing program, in the 6th, 7th and 15th Aldermanic Districts.

Analysis
This resolution authorizes the sale of multiple Neighborhood Properties from the City of Milwaukee pursuant to Section 304-49-7, Milwaukee Code of Ordinances, and also permits the Redevelopment Authority to convey land according to the conditions in a Land Disposition Report.

Body
Whereas, Milwaukee Habitat for Humanity, Inc. ("Habitat"), a community-based organization, has been providing affordable housing to first-time homebuyers that qualify as low to moderate-income households in Milwaukee since 1984; and

Whereas, Habitat desires to build 42 single-family homes for its 2011 housing program and has proposed to purchase 38 vacant lots owned by the City of Milwaukee or the Redevelopment Authority of the City of Milwaukee ("Authority") in the Washington Park, North Division and Park West Neighborhoods as summarized in a Land Disposition Report, a copy of which is attached to this Common Council File; and

Whereas, Section 304-49-7 of the Milwaukee Code of Ordinances allows the City to accept unsolicited offers to purchase City-owned property when the City receives fair compensation whether monetary or non-monetary; and

Whereas, The sale of these lots will allow Habitat to continue to provide affordable homeownership opportunities to low and moderate-income families and will provide the City with fair compensation through additional tax base and housing opportunities; and

Whereas, On February 14, 2011, the Authority held a Public Hearing on the proposed conveyance of its lots at 2642 and 2654 North 21st Street and 2509 North 22nd Street, conditioned upon Common Council approval as required by Wisconsin Statutes; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the sale of City-owned and Authority-owned vacant lots to Milwaukee Habitat for Humanity, Inc., as outlined in the Land Disposition Report, is approved; and, be it

Further Resolved, That the Commissioner of the Department of City Development ("DCD"), or designee, and the Executive Director of the Authority, or designee, are authorized to close the transactions according to the terms of the Land Disposition Report and DCD approval of final construction plans; and, be it

Further Resolved, That if any lots are encumbered by City deed restrictions that prohibited construction, required use as green space or were prohibited from division and/or combination, the Commissioner of DCD, or designee, is authorized to execute Release of Deed Restrictions to provide clear title; and, be it

Further Resolved, That in the event any of the lots identified in the Land Disposition Report are not suitable for development or if the City acquires additional lots in Habitat's target areas that are more suitable for construction, lots may be added or substituted without further action of the Common Council upon approval of the Commissioner of DCD and the local Common Council member; and, be it

Further Resolved, That the sale proceeds, less sale expenses, shall be credited to the Reserve For Tax Deficit Fund.

Drafter

DCD:YSL:ysl

02/08/11/A

**LAND DISPOSITION REPORT
COMMON COUNCIL OF THE CITY OF MILWAUKEE**

RESPONSIBLE STAFF

Yves LaPierre, Real Estate Section (286-5762)

PROPOSED ACTIVITY

Authorize the sale of City of Milwaukee vacant lots for Milwaukee Habitat for Humanity's 2011 building program. The action also would approve conveyance of three Redevelopment Authority properties to Habitat.

BUYER

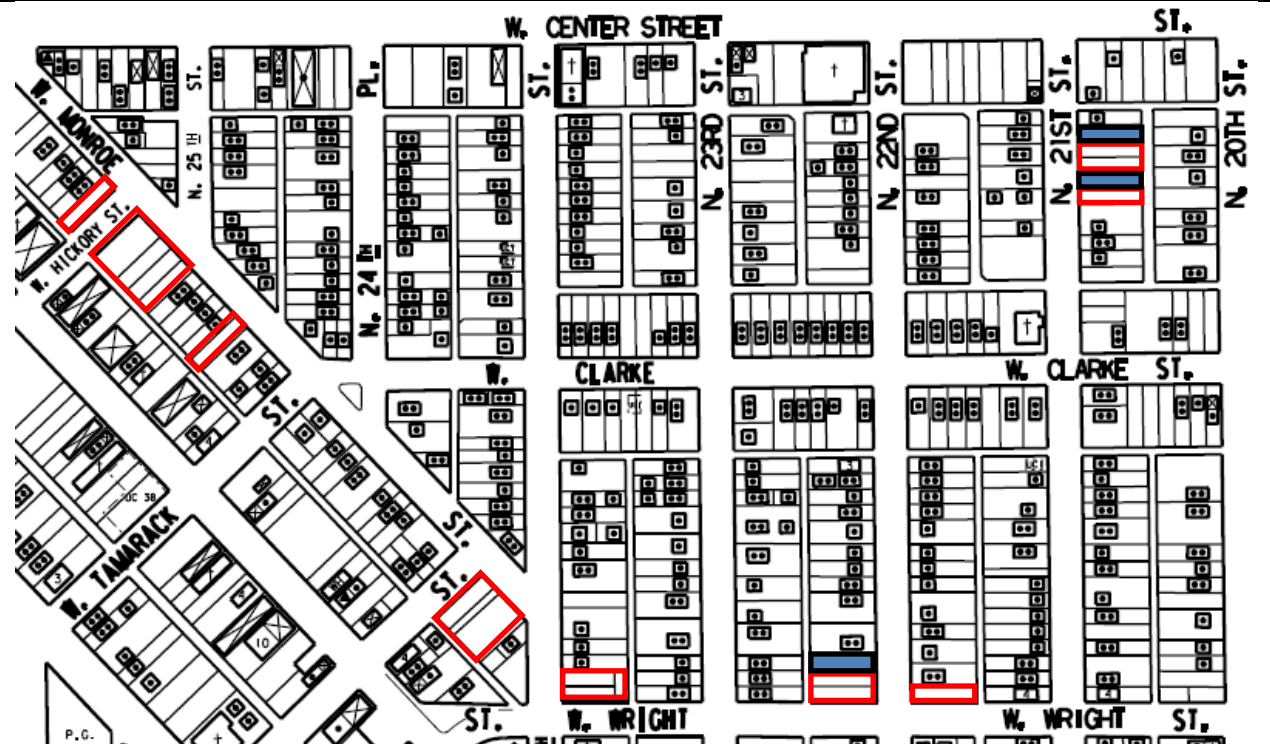
Milwaukee Habitat for Humanity, Inc. is a local organization that is part of a nationwide effort to build new homes for first-time, low- to moderate-income buyers. Volunteer labor, including required sweat equity by future buyers, and homebuyer counseling are key to Habitat's success. Its Executive Director is Brian Sonderman. Since 1984, Habitat has built over 400 homes for Milwaukee families.

PROPERTIES

40 vacant lots to create 42 building sites in three neighborhoods: Park West - 21 building sites, North Division - 10 building sites, Washington Park - 9 building sites. If any lots are determined to be infeasible for construction, as Habitat prepares building plans or certified survey maps or additional lots become City-owned, the Commissioner of DCD may substitute a similar lot in the target areas upon approval from the local alderperson.

WASHINGTON PARK NEIGHBORHOOD			
		<p>Habitat for Humanity 2010 New Home</p> <p> City lots</p>	
<p>Address</p> <p>3912 West Lloyd Street 2103 North 39th Street 2107 North 39th Street 2156 North 38th Street 2160 North 38th Street</p>	<p>Tax Key</p> <p>348-0610-000 348-0609-000 348-0608-000 348-1056-000 348-1057-000</p>	<p>Address</p> <p>2208 North 41st Street 2224 North 41st Street 2228 North 41st Street 2232 North 41st Street</p>	<p>Tax Key</p> <p>348-0440-000 348-0436-000 348-0435-000 348-0434-000</p>

PARK WEST NEIGHBORHOOD

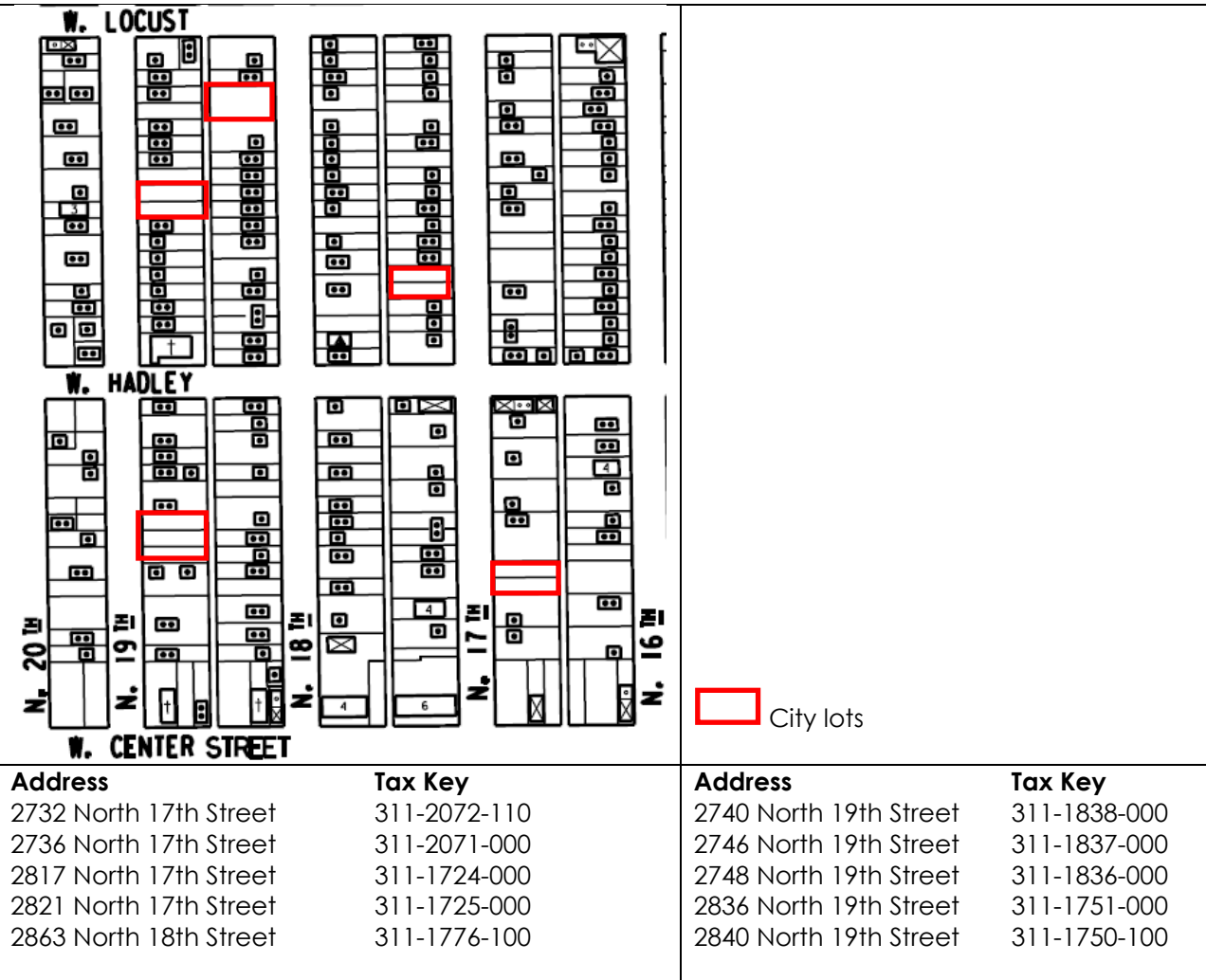


 City lots  RACM lots

Address	Tax Key
2638 North 21st Street	325-0615-000
2642 North 21st Street RACM	325-0614-000
2646 North 21st Street	325-0613-000
2650 North 21st Street	325-0612-000
2654 North 21st Street RACM	325-0611-000
2500 North 22nd Street	325-0340-000
2501 North 22nd Street	325-0361-000
2507 North 22nd Street	325-0358-000
2509 North 22nd Street RACM	325-0357-000
2320 West Wright Street	325-0379-000
2500 North 24th Street	325-0380-000

Address	Tax Key
2504 North 24th Street	325-0378-000
2405 West Monroe Street	325-0946-100
2407 West Monroe Street	325-0944-120
2415 West Cypress Street	325-0944-110
2471 West Monroe Street	325-1419-100
2487 West Monroe Street	325-1414-000
2489 West Monroe Street	325-1413-000
2493 West Monroe Street	325-1412-000
2495 West Monroe Street	325-1411-100
2515 West Monroe Street	325-1396-000

NORTH DIVISION NEIGHBORHOOD



PROPOSED USE

Construction of 42 single-family, owner-occupied homes. Four different models will be constructed beginning in Spring 2011. Each home will be approximately 1,100-1,400 SF and have 3-4 bedrooms and 2 baths. Once completed, the homes will be sold to owner-occupants for approximately \$85,000 to \$90,000.

OFFER TERMS AND CONDITIONS

The properties will be sold "as is" for \$1 per lot. Closing will occur within six months of Common Council approval, but in advance of construction to allow Habitat to obtain needed certified survey maps to create building sites. Closing is subject to DCD approval of final house designs and site plans. Given Habitat's history of satisfactory performance, an Agreement for Sale and Performance Deposit will not be required.

REDEVELOPMENT AUTHORITY ACTIONS

The Redevelopment Authority held a public hearing on February 14, 2011, on the proposed transfer of 2642 and 2654 North 21st Street and 2509 North 22nd Street to Habitat as required by Wisconsin Statutes. After the hearing, the Authority authorized conveyance to Habitat subject to approval of the Common Council.



City of Milwaukee Fiscal Impact Statement

Date

File Number

Original **Substitute**

A

Subject Resolution authorizing the sale of City of Milwaukee and Redevelopment Authority vacant lots to Milwaukee Habitat for Humanity, Inc. to create building sites for its 2011 housing program, in the 6th, 7th and 15th Aldermanic Districts.

B

Submitted By (Name/Title/Dept./Ext.)

C

- This File**
- Increases or decreases previously authorized expenditures.
 - Suspends expenditure authority.
 - Increases or decreases city services.
 - Authorizes a department to administer a program affecting the city's fiscal liability.
 - Increases or decreases revenue.
 - Requests an amendment to the salary or positions ordinance.
 - Authorizes borrowing and related debt service.
 - Authorizes contingent borrowing (authority only).
 - Authorizes the expenditure of funds not authorized in adopted City Budget.

D

This Note Was requested by committee chair

E

- Charge To**
- Department Account
 - Capital Projects Fund
 - Debt Service
 - Other (Specify)
 - Contingent Fund
 - Special Purpose Accounts
 - Grant & Aid Accounts

F

Purpose	Specify Type/Use	Expenditure	Revenue
Salaries/Wages			
Supplies/Materials			
Equipment			
Services			
Other	Sale of vacant lots		\$38.00*
TOTALS			\$38.00

For expenditures and revenues which will occur on an annual basis over several years check the appropriate box below and then list each item and dollar amount separately.

G

1-3 Years 3-5 Years

1-3 Years 3-5 Years

1-3 Years 3-5 Years

List any costs not included in Sections E and F above.

H

Assumptions used in arriving at fiscal estimate.

I

Additional information.

J

*Proceeds, less sales expenses, shall be credited to the Reserve For Tax Deficit Fund.



Legislation Details (With Text)

File #: 101308 **Version:** 0

Type: Appointment **Status:** In Committee

File created: 2/8/2011 **In control:** ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE

On agenda: **Final action:**

Effective date:

Title: Reappointment of Ivan Gamboa to the City Plan Commission by the Mayor. (8th Aldermanic District)

Sponsors: THE CHAIR

Indexes: APPOINTMENTS, CITY PLAN COMMISSION

Attachments: Reappointment Letter, Hearing Notice List

Date	Ver.	Action By	Action	Result	Tally
2/8/2011	0	COMMON COUNCIL	ASSIGNED TO		
2/16/2011	0	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		

Number
101308
Version
ORIGINAL
Reference

Sponsor
THE CHAIR
Title
Reappointment of Ivan Gamboa to the City Plan Commission by the Mayor. (8th Aldermanic District)
Drafter
Mayor
TB
2/8/11

February 8, 2011

To the Honorable, the Common Council
of the City of Milwaukee

Honorable Members of the Common Council:

I am pleased to reappoint Mr. Ivan Gamboa, 5027 West Cleveland Avenue, Milwaukee, Wisconsin 53219, to the City Plan Commission. This reappointment is pursuant to Section 27.11 of the Wisconsin State Statutes and Section 320-15 of the Milwaukee Code of Ordinances. Mr. Gamboa's term will commence upon taking of the oath of office.

I trust this reappointment will have the approval of your Honorable Body.

Respectfully submitted,

A handwritten signature in black ink that reads "Tom Barrett". The signature is written in a cursive style with a large, sweeping initial "T".

Tom Barrett
Mayor



Legislation Details (With Text)

File #: 091286 **Version:** 0

Type: Communication-Report **Status:** In Committee

File created: 1/20/2010 **In control:** ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE

On agenda: **Final action:**

Effective date:

Title: Communication from the Housing Trust Fund Advisory Board relative to its 2010 activities.

Sponsors: THE CHAIR

Indexes: BOARDS AND COMMISSIONS, HOUSING TRUST FUND

Attachments: 1-15-10 HTF Technical Review Subcommittee meeting minutes and exhibits, 2-5-10 HTFAB meeting minutes and Exhibit, 2-11-10 HTFAB meeting minutes and exhibits, 3-18-10 HTFAB Finance Subcommittee meeting minutes and exhibits, E-mail re April 8 2010 Housing Trust Fund Advisory Board meeting cancelled., May 12 Minutes and Exhibits, May 13 Minutes, June 25 minutes and Exhibits-Technical, July 13 Minutes and Exhibits, Sept 9 Minutes and Exhibits, Oct 14 minutes and exhibits - HTFAB, Dec 3 minutes and exhibits HTFAB Technical, Dec 10 minutes and exhibits Technical

Date	Ver.	Action By	Action	Result	Tally
1/20/2010	0	COMMON COUNCIL	ASSIGNED TO		
2/16/2011	0	ZONING, NEIGHBORHOODS & DEVELOPMENT COMMITTEE	HEARING NOTICES SENT		

Number

091286

Version

ORIGINAL

Reference

Sponsor

Title

Communication from the Housing Trust Fund Advisory Board relative to its 2010 activities.

Requestor

Drafter

CC-CC

tjm

1/20/2010



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Meeting Minutes HOUSING TRUST FUND ADVISORY BOARD TECHNICAL REVIEW SUBCOMMITTEE

Craig Kammholz, Chair, Bethany Sanchez, Brian Peters

*Staff Assistant, Terry MacDonald
Phone: (414) 286-3456,
Email: tmacdo@milwaukee.gov*

Friday, January 15, 2010

1:30 PM

Room 301-B, City Hall

Meeting convened: 1:42 P.M.

1. Roll call

Present 2 - Peters and Kammholz

Excused 1 - Sanchez

Also Present: Mario Higgins and Maria Pellerin, Community Development Grants Admin.

2. Review and approval of the minutes of the December 17, 2009 meeting

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

3. Review and approval of the funding guidelines for the Housing Trust Fund

Mr. Kammholz provided the subcommittee members with a draft copy of the "Funding Guidelines for 2009 Housing Trust Fund Project Awards" (Exhibit 1).

Mr. Kammholz gave an overview of the 2009 funding guidelines. He said the 2009 funding guidelines are almost identical to the 2008 funding guidelines, the only change he made was to the amount of funds available.

Mr. Kammholz moved approval of the 2009 Funding Guidelines, Mr. Peters seconded. There were no objections.

4. Review of the housing trust fund applications

Mr. Kammholz referred the subcommittee members to the scoring spreadsheet that shows the list of proposed applications and the objective scores for each of the applications (Exhibit 2).

Mr. Kammholz said that all subcommittee members should complete their subjective scoring for the each of the applications at least a week before the next meeting and forward them to Mr. Higgins so he can incorporate them into his scoring spreadsheet.

The members present reviewed and discussed each of the applications in each of the categories as follows:

*Under Homelessness Category:
Retrieving Family Value Homeless Shelter*

Mr. Kammholz said the Retrieving Family Value application was hand written and was hard to understand. He said it also doesn't look like it is a 501(c) (3) non-profit organization. He said this application would require a lot of staff time spent trying to document the existence of this entity and to confirm the other grant funds identified in the application. He recommended this application not be considered.

Mr. Peters replied that in his review of that application the organization did not answer some of the questions appropriately.

Mr. Kammholz said that at the next Technical Review Subcommittee meeting he will recommend that this application not be considered, because the application is incomplete. He said that would only be fair to the other applicants who put together solid applications.

Under Rental Category:

Mr. Peters asked Mr. Higgins if any of the applications could be removed from the list at this time, because they are receiving funding from other sources?

Mr. Higgins replied that the only applicant that is receiving funding from other sources is Habitat for Humanity. They were awarded NSP-2 dollars directly from the federal government in the amount of \$11 million for home construction in the Milwaukee area.

Mr. Higgins also said there are three other applicants that may receive state grant funding, but he has not received confirmation from them yet. He said those three applicants are: Center for Veterans Issues, Hartland Housing, Inc. and Northwest Side CDC. He said all three are slated to receive CDBG-EAP funds.

Mr. Peters asked if they should proceed with the review of those three applicants or should they hold them until the February meeting?

Mr. Kammholz replied that at the February meeting the final award decisions will need to be made, therefore, they should review those three applications in case any of them doesn't receive the other funding.

Mr. Kammholz said that in his review of the Centers for Veterans Issues application, he found that the developer fee and the financing leverage percentages all look pretty

good. He asked Mr. Higgins to get confirmation on the following: Confirm site control? Confirm that they will get tax credits at .65 cent on the dollar and verification of their financial commitments.

Mr. Higgins replied that the Centers for Veterans Issues does have site control and he will request verification from them on their financing.

Mr. Peters said in his review of the Center for Veterans Issues application it wasn't clear whether they had their funding for support services.

Mr. Kammholz replied that their application is for bricks and mortar for the facility and is made irrespective of their on going assistance that they receive from the federal and county governments for their mission and services.

Mr. Kammholz said the Hartland Housing project's developer fee seems a bit high. He asked Mr. Higgins to get verification on: site control, financing, Equity Investor and grant commitments, and on their WHEDA and Tax Credit Assistance Program (TCAP) tax credit awards.

Mr. Peters said in his review of Hartland Housing application it showed that they haven't purchased the land yet.

Mr. Higgins replied Hartland has land purchasing rights with the Redevelopment Authority of City of Milwaukee (RACM).

Mr. Higgins commented that if Hartland Housing doesn't receive EAP funds they may receive ESP-1 funds through the Department of City Development.

Mr. Kammholz said Hedwig House, Inc. does have site control and it doesn't have any developer fees. It is a unique project.

Mr. Peters said that Hedwig House seem like it will end up with a reduction in units.

Mr. Higgins replied in the affirmative.

Mr. Kammholz said Layton Blvd West Neighbors application is asking for \$150,000, but it is noted in the application, under sources and uses, they only need a \$100,000. He said the developer fee seems a bit high. Mr. Kammholz asked Mr. Higgins to get verification on the applicants' Tax Credit Assistance Program (TCAP) award. He said they should rate this application, but they should question it at the next meeting.

Mr. Peters said he recalls that the Layton Blvd project is for accessibility changes only.

Mr. Higgins replied in the affirmative.

Ms. Charlotte John Gomez with Layton Blvd. West Neighbors appeared to answer questions.

Mr. Kammholz said Northwest Side CDC developer fee is low. He said in the application, under the sources and uses, the housing trust fund amount of \$481,120 is included as part of their reserve funds, therefore, it doesn't seem like they need the housing trust fund dollars to do the project. He said their site control and their financing all look in order.

Mr. Peters said Northwest Side CDC states that it will take 10 month to lease the units and he feels that is a long time.

Mr. Peters asked if they are using universal design for all the units and is there accessible parking?

Mr. Higgins replied that he will get clarification on the universal design and the accessible parking.

Mr. Kammholz said Our Space, Inc. is asking for \$750,000, which is a lot considering how much HTF funds are available. He said the developer fees looks good, they have site control and their tax credits are at 0.65 cent on the dollar. He asked Mr. Higgins to verify their tax credits and financing commitments. He said this project looks pretty good, but the requested award amount seems a bit high.

Mr. Peters said the application was unclear as far as universal design.

Mr. Higgins replied that he will get clarification on the universal design.

Mr. Kammholz asked Mr. Higgins to find out when the project is scheduled to begin.

Mr. Kammholz asked Mr. Higgins to get verification on the Untied Methodist Children's Services site control, tax credits pricing and financing commitments.

Under "Homeownership" category:

Mr. Kammholz said he had used a different approach in reviewing the homeownership category applications. He said he looked at them not so much as a project, because their funds will be used mostly for programs, such as home buying counseling sessions. He said some of the applicants have received housing trust fund awards before and that should be included in the review. He said the per unit costing, leverage percentage and other funding availability should also be reviewed.

Mr. Peters referred to the Layton Blvd. West Neighbors Turnkey project and asked if the applicant's fund request would be use for energy equipment for homes and home buying classes?

Mr. Higgins replied in the affirmative.

Mr. Peters asked if the applicant will have accessible accommodations available for the home buying classes?

Mr. Higgins replied that he will get verification from the applicant on whether they will provide accessibility accommodations.

Mr. Peters asked Mr. Kammholz how does he feel about trust fund dollars going to products (energy equipment) and not housing?

Mr. Kammholz replied that as long as it is a legitimate fixture to the property.

Mr. Higgins replied that the funds will be used for rehab construction, such putting in new insulation.

Mr. Peters said in his review of the Milwaukee Community Services Corp. (MCSC) application it seemed like they have already started their rehab project.

Mr. Higgins replied that it has not been determined which of MCSC rehab projects that MCSC will use the housing trust funds dollars for.

Mr. Kammholz asked if Milwaukee Christian Center, MCSC and Habitat for Humanity stated in their applications a specific site scope for each of the units that they want to use the housing trust funds for?

Mr. Higgins replied that he doesn't recall whether Milwaukee Christian Center stating a specific site, but they probably have a site in mind. He said MSCS does have a specific site scope and Habitat for Humanity's units are always same as far as design. He said Northcott Neighborhood House, Inc. does have a specific site scope noted in their application.

Mr. Kammholz asked Mr. Higgins to get specific site scope from Milwaukee Christian Center.

Mr. Kammholz asked if Select Milwaukee is more of a consulting service?

Mr. Higgins replied that Select Milwaukee is a rehab program. He said their program assistance in counseling home buyers with financing and may enter into a contract with the owners to help the home owner with rehabbing.

Mr. Peters said that he is not clear as to what the Northcott project is going to be, because the application stated that the funds will go to rehab homes for accessibility, but later in the application it refers to using the funds for fixing blocks.

Mr. Higgins replied that Northcott is rehabbing homes on an entire block and three of the homes on that block will be made fully accessible. He said they were also doing basement block construction on several of the homes on that block.

Mr. Peters said his concern with Select Milwaukee is that the housing trust fund has some income limit requirements and asked if they will be able to keep track of each household's income limit?

Mr. Higgins replied in the affirmative.

Mr. Peters said Select Milwaukee's application states that they completed 47 rehab projects in $\frac{3}{4}$ of a year and asked if they are saying they could do an additional 30 units?

Mr. Higgins replied that Select Milwaukee did hire an expediter to speed up the completion of those projects.

Mr. Kammholz asked City staff to summarize what took place today and send it to Ms. Sanchez for her review and asked her if she has any questions she should submit them to Mr. Higgins and Ms. MacDonald.

Mr. Higgins and Ms. MacDonald replied in the affirmative.

Next meeting date is scheduled for February 5, 2010 at 9:00 A.M. in the Port of Milwaukee, Conference Room, 2323 S. Lincoln Memorial Dr.

Meeting adjourned: 2:48 P.M.

**Terry J. MacDonald
Staff Assistant**

Funding Guidelines for 2009 Housing Trust Fund Project Awards

Funding

Funding for the 2009 Housing Trust Fund project awards consists of \$926,250 in capital and O&M (operating) budget authority. Capital budget authority for City projects is available for up to four years – 2007 through 2010. O&M budget authority lapses at year end, but may be carried over for up to three years through Budget Office and Common Council action. It is assumed that any available capital and O&M authority remaining after the 2008 project awards will be available for subsequent years.

Consistent with prior year's funding guidelines, Housing Trust Fund capital and O&M authority will be used for capital-type projects. Debt issued for projects authorized as capital authority will be supported by the City's tax levy for debt service. The O&M authority is supported directly by the City tax levy. The City, at its option, may choose to substitute O&M tax levy for capital funding authority to avoid debt service for Housing Trust Fund projects. Any such substitution will not reduce overall funding for Housing Trust Fund purposes.

Project Scoring

The Housing Trust Fund Technical Committee will score projects that are likely to proceed should they receive a Housing Trust Fund award. Projects will be ranked according to the scores received under the Housing Trust Fund Application Score Sheet and an assessment of the project financing gap. Housing Trust Funds will be preliminarily allocated to projects receiving the highest rankings within each category of funding that have a demonstrated financing gap. **Final allocations should not exceed the demonstrated funding gap for the project.**

After a project has received a preliminary funding allocation, it will continue in the process. In general, projects will have six months from receiving their preliminary allocation to finalize a term sheet with the City of Milwaukee, submit final financing commitments, and satisfy all other conditions. Projects will have 12 months to commence construction. The City, through CDGA, may grant extensions to these conditions with approval of the Housing Trust Fund Advisory Board.

If the conditions are not met, the preliminary allocation may be reallocated to another project. The next highest ranking application that did not receive funding may receive a preliminary allocation and continue in the process at that time.

Funding Contingencies and Conditions

Projects recommended for funding by the Housing Trust Fund Technical Review Subcommittee for approval by the Housing Trust Fund Advisory Board and Common Council are contingent upon successful negotiation of a term sheet, including an overall project schedule, and subsequent negotiation and execution of all project documents.

CDK:TOG:
Revised 01-12-10

Project Name/Location	# of Units			Amount Requested	SCORING													Comments			
	Rehab	New	Owner-Occ		Leveraged Funds	Income Targeting	Affordability Period	Use of City Residents	Use of EBE	Neighborhood Diversity	Green Building	Community Institutions Community Integration	Family Wages	Experience	Accessibility Improvements	Service Partners	Construction Financing		Community Needs	TOTAL	
Retrieving Family Value Homeless Shelter	1			\$250,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0	Incomplete - Verify 401(c) status; TaxRetruns; Annual Fin. Report
Total:	1	0	0	\$250,000																	
				\$240,563																	
				\$250,000																	
				(\$9,438)																	

Project Name/Location	# of Units			Amount Requested	SCORING													Comments				
	Rehab	New	Owner-Occ		Leveraged Funds	Income Targeting	Affordability Period	Use of City Residents	Use of EBE	Neighborhood Diversity	Green Building	Community Institutions Community Integration	Family Wages	Experience	Accessibility Improvements	Service Partners	Construction Financing		Community Needs	TOTAL		
Veteran Manor		52		\$336,790	15	15	2	0	2	0	0	0	0	0	3	0	0	0	0	0	0	37.0
2500 W. Fond du Lac Avenue		38		\$300,000	12	14	1	0	2	0	0	0	0	0	3	0	0	0	0	0	0	32.0
Hedwig House Apartments		2		\$65,000	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9.0
Silver City Townhomes		20		\$150,000	12	13	1	3	3	0	0	0	0	0	4	0	0	0	0	0	0	36.0
Villard Square Family Housing		47		\$481,120	12	12	1	0	5	0	0	0	0	0	3	0	0	0	0	0	0	33.0
Empowerment Village (525 W. Lincoln Ave.)		35		\$750,000	6	15	5	0	2	0	0	0	0	0	3	0	0	0	0	0	0	31.0
UMCS Phase III		24		\$240,000	12	15	10	2	4	0	0	0	0	0	2	0	0	0	0	0	0	45.0
Total:	2	216	0	\$2,322,910																		
				\$336,788																		
				\$2,322,910																		
				(\$1,986,123)																		

Project Name/Location	# of Units			Amount Requested	SCORING													Comments				
	Rehab	New	Owner-Occ		Leveraged Funds	Income Targeting	Affordability Period	Use of City Residents	Use of EBE	Neighborhood Diversity	Green Building	Community Institutions Community Integration	Family Wages	Experience	Accessibility Improvements	Service Partners	Construction Financing		Community Needs	TOTAL		
Turnkey Renovations Program	2			\$20,000	9	6	1	3	3	0	0	0	0	0	3	0	0	0	0	0	0	25.0
Youth Build Project (multiple locations)	1			\$40,000	9	6	1	5	1	0	0	0	0	0	1	0	0	0	0	0	0	23.0
MCSC Housing Accessibility Retrofit Program	3			\$36,000	6	6	1	5	1	0	0	0	0	0	1	0	5	0	0	0	0	25.0
Woodland Condos	10			\$100,000	3	12	10	1	-5	0	0	0	0	0	-5	0	0	0	0	0	0	16.0
Youthbuild - A Fresh Start	4			\$105,000	9	6	1	5	1	0	0	0	0	0	1	0	0	0	0	0	0	23.0
Homeownership Purchase/Rehab Program	30			\$240,560	9	4	1	0	1	0	0	0	0	0	1	0	0	0	0	0	0	16.0
Total:	45	5	0	\$541,560																		
				\$240,563																		
				\$541,560																		
				(\$300,998)																		

TOTAL ALL CATEGORIES	TOTAL ALL UNITS
\$962,250	48 221 0
\$3,114,470	
(\$2,152,221)	

\$41,697,298

- (a) Formal appraisal was not provided, written estimate of value provided by developer.
- (b)
- (c) \$269
- (d) \$52
- (e) \$38

2
20
1
3
4
47
35
1
30
24
\$221 \$48 \$269



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Meeting Minutes HOUSING TRUST FUND ADVISORY BOARD TECHNICAL REVIEW SUBCOMMITTEE

Craig Kammholz, Chair
Joanne Passaro, Brian Peters

Staff Assistant, Joanna Polanco
Phone: (414) 286-2366, jpolan@milwaukee.gov

Friday, February 5, 2010

9:00 AM

Port of Milwaukee, Conference Room
2323 S. Lincoln Memorial Dr.

Meeting convened: 9:05 A.M.

1. Roll call

Present 2 - Peters and Kammholz

Excused 1 - Sanchez

Also present: Mr. Steven Mahan and Mr. Mario Higgins, Community Development Grants Admin. and Ms. Niki Purvis, Emerging Business Enterprise Program (EBE)

2. Review and approval of the minutes of the January 15, 2010 meeting

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

3. Discussion on the housing trust fund applications and the crafting of recommendations

Mr. Kammholz referred subcommittee members to the scoring sheet provided by Mr. Higgins that shows the list of proposed applicants and the objective scores that City staff computed (Exhibit 1).

Mr. Kammholz said that once the scores are compiled, the subcommittee members will craft the recommendations and those recommendations will be heard by the full Housing Trust Fund Advisory Board at its meeting scheduled for February 11, 2010.

Mr. Kammholz said the total amount of housing trust funds available that this subcommittee has to allocate is \$926,250. He said they do not have enough funds to award all of the applicants' requests and they will need to be cautious and strategic in their approach to awarding the funds.

Mr. Kammholz said the next step that is needed is to combine all the committee members' subjective scores with the objective scores for each of the applications.

Mr. Kammholz said in the Homelessness category there is only one application and it will not be considered, because it did not meet the minimum standards.

Mr. Peters said that there were two applications in the rental category that he felt could be considered under the Homelessness category. Those two applicants are Center for Veterans and Our Space.

Mr. Mahan replied that Center for Veterans and Our Space could potentially be considered under the homelessness category.

Mr. Kammholz handed out a letter prepared by the Comptroller (Exhibit 2) to the Zoning, Neighborhood and Development committee regarding the TID #44, Franklin Square Project. He said he is providing members with a copy of that letter to be used as an example, for what the members of this subcommittee should be looking for when considering award amounts for the projects under the rental category.

The subcommittee members discussed their subjective scores for the following seven applications under the rental category:

*Center for Veterans Issues, Veterans Manor
Hartland Housing, Inc.
Hedwig House
Layton Blvd. West Neighbors – Silver City
Northwest Side CDC, Villard Square
Our Space, Inc.
United Methodist Children's Services (UMCS)*

Mr. Mahan said that Hartland housing may receive disaster recovery funding.

Mr. Kammholz said there are three applications under the rental category that may receive disaster recovery funding. Those three are Center for Veterans, Hartland housing and Northwest Side CDC-Villard Square.

Mr. Mahan said he will know by next week if any of those three projects will receive disaster recovery funds.

Mr. Peters said that they should still score those three applications and if they receive disaster recovery funding they can remove them from the award recommendation list.

Mr. Kammholz said his concern with Layton Blvd's application is that their developer fees are too high. Their developer fees are at 12.7 percent of the project cost and if the applicant could get their developer fees under 10 percent they could begin their project without housing trust fund assistants.

Mr. Mahan said the alderman where the Layton Blvd project is located has imposed additional landscaping requirements and that could add cost to the project, but the brick and mortar part of the project is ready to go.

Mr. Kammholz said Our Space is requesting \$750,000 to fill their financing gap, which is quite a large request and their developer fees are 8.1 percent. He said that the housing trust fund can not recommend an award for that high of an amount for one project.

Mr. Kammholz said that UMCS has not received its tax credits yet and they will not

begin their project until next year. He said they should come back for the next round of housing trust fund awards.

Recess taken at 10:29 A.M.

Reconvened: 10:45 A.M.

Mr. Higgins combined each of the subcommittee members' subjective scores with the objective scores and announced the final scores for each of the applicant's under the Rental category as follows:

Center for Veterans Issues, Veterans Manor – 84.5

Hartland Housing, Inc. - 78

Our Space, Inc. - 71.5

United Methodist Children's Services – 71

Layton Blvd. West Neighbors – Silver City – 67.5

Northwest Side CDC, Villard Square – 65.3

Hedwig House – 29.5

Mr. Kammholz said that they should recommend the top two highest scores, with no dollar amounts at this time.

Mr. Kammholz said he wished that Our Space, Inc. would have scored higher, because it is a good project.

Mr. Kammholz asked Mr. Mahan to give an overview of each of the projects under the Homeownership category.

Mr. Mahan said Layton Blvd. is a foreclosure-based project, but the foreclosure funds that recently became available are not available for non-profit foreclosure services.

Mr. Kammholz asked if any of the applicants in the Homeownership category are receiving any foreclosure funding?

Mr. Mahan replied that Habitat should be taken off the list, because it received 6 million dollars in foreclosure funding.

The subcommittee members discussed their objective scores for the following six applications under the Homeownership category:

Layton Blvd. West Neighbors

Milwaukee Christian Center

Milwaukee Community Services Corp (MCSC)

Milw. Habitat for Humanity

Northcott Neighborhood House, Inc.

Select Milwaukee

Recess: 11:32 A.M.

Reconvened: 11:39 A.M.

Mr. Higgins combined each of the subcommittee members' subjective scores with the objective scores and announced the final scores for each of the applicant's under the Homeownership category as follows:

Northcott Neighborhood House, Inc. - 67

Layton Blvd. West Neighbors - 66

*Milwaukee Christian Center - 64.5
Milwaukee Community Services Corp (MCSC) - 59
Select Milwaukee - 46.5
Milw. Habitat for Humanity - 41.5*

Mr. Kammholz said the top three high scores are Christian center, Northcott and Layton Blvd.

Mr. Higgins said Milwaukee Christian Center has two previous housing trust funds awards out right now for rehab projects that have not been completed yet.

Mr. Higgins said that MCSC also has a previous housing trust fund award that they have not completed yet.

Mr. Higgins said Layton Blvd. and Habitat both received previous housing trust funds awards, but both have completed contracts in place and their projects are under way.

Mr. Mahan said that Select Milwaukee is a pilot program.

Mr. Kammholz said that since Milwaukee Christian Center has a housing trust fund award out that has not been spent yet they should recommend the two highest scores.

Mr. Kammholz suggested that they recommend partial funding awards.

A motion was made by Mr. Kammholz to approve the following recommendations under the Homeownership Category: Layton Blvd. at \$20,000 and Northcott at \$105,000. There were no objections.

A motion was made by Mr. Kammholz to approve the following recommendations under the Rental category: Center for Veterans at \$168,395, Hartland at \$150,000 and Our Space, Inc. at \$375,000. There were no objections.

Mr. Kammholz said the remaining housing trust funds available after this round of awards will be \$143,855.

Meeting adjourned: 12:22 P.M.

**Terry J. MacDonald
Staff Assistant**

Applicant	Project Name/Location	# of Units			Amount Requested	SCORING												Comments								
		Rehab	New	Owner-Occ		Leveraged Funds	Income Targeting	Affordability Period	Use of City Residents	Use of EBE	Neighborhood Diversity	Green Building	Community Institutions Community Integration	Family Wages	Experience	Accessibility Improvements	Service Partners		Construction Financing	Community Needs	TOTAL					
CATEGORY: HOMELESSNESS																										
Retrieving Family Value Homeless Shelter	Retrieving Family Value Homeless Shelter	1			\$250,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0	Incomplete - Verify 401(c) status; TaxRetruns; Annual Fin. Report
Total:		1	0	0	\$250,000																					
Amount Available	\$240,563																									
Amount Requested	\$250,000																									
Balance	(\$9,438)																									

Applicant	Project Name/Location	# of Units			Amount Requested	SCORING												Comments								
		Rehab	New	Owner-Occ		Leveraged Funds	Income Targeting	Affordability Period	Use of City Residents	Use of EBE	Neighborhood Diversity	Green Building	Community Institutions Community Integration	Family Wages	Experience	Accessibility Improvements	Service Partners		Construction Financing	Community Needs	TOTAL					
CATEGORY: RENTAL																										
Center for Veterans Issues, Ltd.	Veteran Manor	52			\$336,790	15	15	2	0	2	0	0	0	0	3	0	0	0	0	0	0	0	0	0	37.0	
Heartland Housing, Inc.	2500 W. Fond du Lac Avenue	38			\$300,000	12	14	1	0	2	0	0	0	0	3	0	0	0	0	0	0	0	0	0	32.0	
Hedwig House, Inc.	Hedwig House Apartments	2			\$65,000	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9.0	
Layton Blvd West Neighbors	Silver City Townhomes	20			\$150,000	12	13	1	3	3	0	0	0	0	4	0	0	0	0	0	0	0	0	0	36.0	
Northwest Side CDC	Villard Square Family Housing	47			\$481,120	12	12	1	0	5	0	0	0	0	3	0	0	0	0	0	0	0	0	0	33.0	
Our Space Inc.	Empowerment Village (525 W. Lincoln Ave.)	35			\$750,000	6	15	5	0	2	0	0	0	0	3	0	0	0	0	0	0	0	0	0	31.0	
United Methodist Children's Services	UMCS Phase III	24			\$240,000	12	15	10	2	4	0	0	0	0	2	0	0	0	0	0	0	0	0	0	45.0	
Total:		2	216	0	\$2,322,910																					
Amount Available	\$336,788																									
Amount Requested	\$2,322,910																									
Balance	(\$1,986,123)																									

Applicant	Project Name/Location	# of Units			Amount Requested	SCORING												Comments								
		Rehab	New	Owner-Occ		Leveraged Funds	Income Targeting	Affordability Period	Use of City Residents	Use of EBE	Neighborhood Diversity	Green Building	Community Institutions Community Integration	Family Wages	Experience	Accessibility Improvements	Service Partners		Construction Financing	Community Needs	TOTAL					
CATEGORY: HOMEOWNERSHIP																										
Layton Blvd West Neighbors	Turnkey Renovations Program	2			\$20,000	9	6	1	3	3	0	0	0	0	3	0	0	0	0	0	0	0	0	0	25.0	
Milwaukee Christian Center	Youth Build Project (multiple locations)	1			\$40,000	9	6	1	5	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	23.0	
Milwaukee Community Service Corps	MCSC Housing Accessibility Retrofit Program	3			\$36,000	6	6	1	5	1	0	0	0	0	1	0	5	0	0	0	0	0	0	0	25.0	
Milwaukee Habitatat for Humanity	Woodland Condos	10			\$100,000	3	12	10	1	-5	0	0	0	0	-5	0	0	0	0	0	0	0	0	0	16.0	
Northcott Neighborhood House, Inc.	Youthbuild - A Fresh Start	4			\$105,000	9	6	1	5	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	23.0	
Select Milwaukee	Homeownership Purchase/Rehab Program	30			\$240,560	9	4	1	0	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	16.0	
Total:		45	5	0	\$541,560																					
Amount Available	\$240,563																									
Amount Requested	\$541,560																									
Balance	(\$300,998)																									

TOTAL ALL CATEGORIES	TOTAL ALL UNITS
Amount Available	\$962,250
Amount Requested	\$3,114,470
Balance	(\$2,152,221)

Total Leveraged: \$41,697,298

Footnotes: (a) Formal appraisal was not provided, written estimate of value provided by developer.
 (b) \$369
 (c) \$52
 (d) \$52
 (e) \$38



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Meeting Minutes HOUSING TRUST FUND ADVISORY BOARD

ALD. MURPHY, CHAIR

Bethany Sanchez, Vice Chair

Ald. Robert Bauman, James Hiller, Craig Kammholz, Kenneth Little, Cathie Madden, Jim Mathy, Joanne Passaro, Brian Peters, and Michael Soika

Staff Assistant, Terry MacDonald

**Phone: (414)-286-2233; Fax: (414) 286-3456, E-mail:
tmacdo@milwaukee.gov**

Thursday, February 11, 2010

11:00 AM

Room 301-B, City Hall

Meeting convened: 11:06 P.M.

1. Roll call

Present 7 - Soika, Kammholz, Madden, Mathy, Little, Murphy and Hiller

Excused 4 - Sanchez, Peters, Passaro and Bauman

Also present: Steven Mahan, Director, Dept. of Admin., Community Development Grants Administration, Mario Higgins, Community Development Grants Administration and Jeff Osterman, Legislative Reference Bureau

2. Review and approval of the December 10, 2009 meeting minutes

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

3. Review and approval of the recommendations for the Housing Trust Funds submitted by the Technical Review Subcommittee

Mr. Kammholz directed the board members to the handout that shows the list of award recommendations. (Exhibit #1)

Mr. Kammholz said there are no recommendations under the "Homelessness" category, because there was only one applicant and it did not meet the minimum standards.

Mr. Kammholz said there were seven applications in the "Rental" category and the committee awarded the top three highest scores as follows: Center for Veterans Issues, LTD Veteran Manor - \$168,395, Hartland Housing, Inc., 2500 W. Fond du Lac Ave - \$150,000, Our Space, Inc., Empowerment Village 525 W. Lincoln Ave. - \$375,000. He said the dollar amounts recommended for each were one-half of the applicants possible requested amounts.

Mr. Kammholz said there were six applicants in the "Homeownership" category and the committee awarded the top two highest scores as follows: Layton Blvd. West Neighbors, Turnkey Renovation Program - \$20,000, Northcott Neighborhood House, Inc., Youthbuild - \$105,000. He said the amounts recommended are the applicants' requested amounts.

Mr. Mahan explained the applicants' projects who received award recommendations. He said some of the other applicants weren't recommended, because some they were slated to receive funds from other funding sources, others have already received a housing trust fund award and have not spent it yet.

Mr. Hiller asked if the board has formal guidelines that state that if an applicant has already received a housing trust fund award and has not spent it yet, it will not be considered for another award?

Mr. Mahan replied in the negative.

Mr. Hiller said the applicants should be made aware that their application will not be considered if they have a housing trust fund award that has not been spent yet.

Ald. Murphy replied in the affirmative. He said that there should be additional discussion at a future board meeting on how to let the applicants know that their application will not be considered if they have a previous housing trust fund award that has not been spent yet.

Mr. Soika asked if any of those applicants, that did not get an award due to not spending their previous award, can fault the City because their contract had been delayed?

Mr. Mahan replied in the negative. He then gave an overview each of the applicants' projects that did not receive an award recommendation and explained why they didn't receive an award recommendation.

Mr. Mathy moved approval of the following list of housing trust fund award recommendations submitted by the Technical Review Subcommittee, Mr. Kammholz seconded. There were no objections.

CATEGORY: RENTAL

Center for Veterans Issues, LTD Veteran Manor - \$168,395

Hartland Housing, Inc., 2500 W. Fond du Lac Ave - \$150,000

Our Space, Inc., Empowerment Village 525 W. Lincoln Ave. - \$375,000

CATEGORY: HOMEOWNERSHIP

Layton Blvd. West Neighbors, Turnkey Renovation Program - \$20,000

Northcott Neighborhood House, Inc., Youthbuild - \$105,000

4. **Status report given by Ms. Maria Prioletta, Department of City
Development on the Housing and Economic Recovery Act - Neighborhood
Stabilization Program**

Ald. Murphy said he invited Ms. Prioletta to appear to give an update on the Neighborhood Stabilization Program and on how the home foreclosures are affecting the City. He said the action this board has taken thought its efforts, over the past three years, have provided low income families with homeownership and helped to provide shelter for the poor and homeless persons. He said he wanted to get a larger perspective of what the difficulties the city is facing now and will face over the next few years as a result of the foreclosure crisis.

Ms. Prioletta said the number of bank foreclosed properties are at 1200 and another 200-300 in in-rem properties. She said what is most concerning to the City is that there are 6000 open foreclosure filings that are currently in process.

Ald. Murphy asked how many foreclosures has the City had to date?

Ms. Prioletta said the 6000 foreclosures is an increase of about 20% since 2008. She said a lot of the foreclosures are due to sub-prime predatory lending and in Milwaukee it had impacted the most vulnerable population and a great deal of those are concentrated in the community block grant areas.

Mr. Hiller asked if Ms. Prioletta has tracked the cases where the banks started the foreclosure then just walk away?

Ms. Prioletta replied negative.

She said a trend that she is seeing is that there are out-of-town banks who own some of the foreclosed properties and are dumping those properties for very low amounts and some of those properties are ending up in the hands of speculators and some cases out of state entities who are just purchasing the property and doesn't plan to do anything with them until the market gets better.

Mr. Mathy asked what point in the foreclosure process is a property eligible for NSP dollars?

Ms. Prioletta replied that NSP dollars are for properties that are already foreclosed on.

Ald. Murphy said the City has several programs available for individuals to purchase a foreclosed property.

Ms. Madden asked how is the City publicizing those programs to the general public?

Ms. Prioletta replied that the programs are advertised through the City's website, the local media channels 18 and 24, neighborhood meetings, counseling agencies and non-profit organizations.

Ms. Prioletta said that one of the housing trust fund applicants may be qualified for NSP funding. She said she will be working with Mr. Mahan.

Mr. Little asked how many of the 6000 foreclosure properties were owner occupied?

Ms. Prioletta replied that about 60-70% are owner occupied. She said the City is tracking foreclosed properties that are being sold and only 25-30% are going to owner occupants.

Ms. Prioletta said the City has been awarded an additional \$25 million from the federal government for foreclosure programs. She said they have three years to spend those dollars.

Ms. Prioletta suggested that maybe this board may want to include in it application that additional points would be given for projects that are using foreclosed properties.

Ald. Murphy asked if any of the NSP dollars can be use as a land bank, where the City uses the land bank monies to purchase foreclosure properties?

Ms. Prioletta replied in the affirmative.

She said the land bank could be used to purchase a foreclosed property that a developer is interested in rehabbing or developing.

Mr. Hiller asked what the reduction in tax bases has been over the past year?

Ald. Murphy replied that he had recently sent a request to City Assessor asked for an update on the tax base.

Ms. Prioletta said one of the thing that the City has asked HUD to look at is if the NSP funds could be use earlier in the foreclosed process, because the City has lost out on purchasing some foreclosed properties, because the City is competing with speculators.

Ald. Murphy said that he and the Comptroller have sent letters to the president's of the three largest banks, US, Wells Fargo and Deutsche, who own the majority of the foreclosed property asking them to partner with the City and the City could provide qualified home buyers. He said he is waiting for a response.

Mr. Hiller asked if the City could require the mortgage lender to notify the City when a borrower is three month behind in their mortgage payments?

Ald. Murphy replied in the negative.

Ald. Murphy said he did have legislation enact that requires the lender to maintain the property once the lender becomes the owner of the foreclosed property.

Meeting adjourned: 11:39 A.M.

Terry J. MacDonald
Staff Assistant

**FEBRUARY 2010 - HOUSING TRUST FUND ADVISORY
TECHNICAL REVIEWL SUBCOMMITTEE
AWARD RECOMMENDATIONS**

CATEGORY: HOMELESSNESS

NONE

CATEGORY: RENTAL

Center for Veterans Issues, LTD Veteran Manor - \$168,395

Hartland Housing, Inc., 2500 W. Fond du Lac Ave - \$150,000

Our Space, Inc., Empowerment Village 525 W. Lincoln Ave. - \$375,000

CATEGORY: HOMEOWNERSHIP

Layton Blvd. West Neighbors, Turnkey Renovation Program - \$20,000

Northcott Neighborhood House, Inc., Youthbuild - \$105,000

Total awards: \$818,395

Remaining balance after above awards \$143,855, plus \$400,000 (2010)



Applicant	Project Name/Location	# of Units			Amount Requested	SCORING														TOTAL
		Rehab	New	Owner-Occ		Leveraged Funds	Income Targeting	Affordability Period	Use of City Residents	Use of EBE	Neighborhood Diversity	Green Building	Community Institutions	Community Integration	Family Wages	Experience	Accessibility Improvements	Service Partners	Construction Financing	
CATEGORY: HOMELESSNESS																				
Retrieving Family Value Homeless Shelter	Retrieving Family Value Homeless Shelter	1			\$250,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0
	Total:	1	0	0	\$250,000															
Amount Available	\$240,563																			
Amount Requested	\$250,000																			
Balance	(\$9,438)																			

Applicant	Project Name/Location	# of Units			Amount Requested	SCORING														TOTAL	
		Rehab	New	Owner-Occ		Leveraged Funds	Income Targeting	Affordability Period	Use of City Residents	Use of EBE	Neighborhood Diversity	Green Building	Community Institutions	Community Integration	Family Wages	Experience	Accessibility Improvements	Service Partners	Construction Financing		Community Needs
CATEGORY: RENTAL																					
Center for Veterans Issues, Ltd.	Veteran Manor		52		\$336,790	15	15	2	-5	2	3.5	5	5	2.5	3	9	5	5	5	12.5	84.5
Heartland Housing, Inc.	2500 W. Fond du Lac Avenue		38		\$300,000	12	14	1	-5	2	5	5	5	2.5	3	10	4	5	2	12.5	78.0
Hedwig House, Inc.	Hedwig House Apartments	2			\$65,000	9	0	0	-5	-5	2.5	3.5	4	5	1	6	1	3.5	0	4	29.5
Layton Blvd West Neighbors	Silver City Townhomes		20		\$150,000	12	13	1	3	3	5	5	5	1.5	4	10	1	2	1	1	67.5
Northwest Side CDC	Villard Square Family Housing Empowerment Village (525 W. Lincoln Ave.)		47		\$481,120	12	12	1	-5	5	5	3	3.5	2.5	3	9	2	3	5	4.33	65.3
Our Space Inc.			35		\$750,000	6	15	5	-5	2	4	5	4	1.5	3	8	1	5	2	15	71.5
United Methodist Children's Services	UMCS Phase III		24		\$240,000	12	15	10	2	4	5	5	2.5	0	2	9	0	1	1	2.5	71.0
	Total:	2	216	0	\$2,322,910																
Amount Available	\$336,788																				
Amount Requested	\$2,322,910																				
Balance	(\$1,986,123)																				

Applicant	Project Name/Location	# of Units			Amount Requested	SCORING														TOTAL	
		Rehab	New	Owner-Occ		Leveraged Funds	Income Targeting	Affordability Period	Use of City Residents	Use of EBE	Neighborhood Diversity	Green Building	Community Institutions	Community Integration	Family Wages	Experience	Accessibility Improvements	Service Partners	Construction Financing		Community Needs
CATEGORY: HOMEOWNERSHIP																					
Layton Blvd West Neighbors	Turnkey Renovations Program	2			\$65,000	9	6	1	3	3	3	4	4	3	3	8.5	1	0	5	12.5	66.0
Milwaukee Christian Center	Youth Build Project (multiple locations)		1		\$150,000	9	6	1	5	1	5	4	2.5	1	1	10	5	4	5	5	64.5
Milwaukee Community Service Corps	MCSC Housing Accessibility Retrofit Program	3			\$481,120	6	6	1	5	1	4	4	5	1	1	8	5	0	2	10	59.0
Milwaukee Habitatat for Humanity	Woodland Condos		10		\$750,000	3	12	10	1	-5	1	4	2.5	0	-5	8	1	0	0	9	41.5
Northcott Neighborhood House, Inc.	Youthbuild - A Fresh Start Homeownership		4		\$240,000	9	6	1	5	1	4	4	4	0	1	10	5	1.5	2	13.5	67.0
Select Milwaukee	Purchase/Rehab Program	30			\$240,560	9	4	1	0	1	0	4	4	0	1	9	1	0	2.5	10	46.5
	Total:	45	5	0	\$1,926,680																
Amount Available	\$240,563																				
Amount Requested	\$1,926,680																				
Balance	(\$1,686,118)																				

TOTAL ALL CATEGORIES		TOTAL ALL UNITS		
Amount Available	\$962,250	48	221	0
Amount Requested	\$4,499,590			
Balance	(\$3,537,341)			

837250

Total Leveraged: \$41,697,298

Applicant	Project Name/Location	Amount Requested	Proposed Amount Leveraged	Estimated Total Project Cost	Funding Recommendation	Population Served	Project Description
CATEGORY: HOMELESSNESS							
Retrieving Family Value Homeless Shelter	Retrieving Family Value Homeless Shelter	\$250,000	\$335,000	\$585,000	\$0	Homeless	Rehabilitation of rental housing
	Total:	\$250,000	\$335,000	\$585,000	\$0		
Amount Available		\$240,563					
Amount Requested		\$250,000					
Balance		(\$9,437)					

Applicant	Project Name/Location	Amount Requested	Proposed Amount Leveraged	Estimated Total Project Cost	Funding Recommendation	Population Served	Project Description
CATEGORY: RENTAL							
Center for Veterans Issues, Ltd.	Veteran Manor	\$336,790	\$11,194,253	\$11,531,043	\$168,395	Low-income Veterans	Construction of 52 units of supportive housing - homelessness and mental illness
Hoortland Housing, Inc.	2500 W. Fond du Lac Avenue	\$300,000	\$6,167,977	\$6,467,977	\$150,000	Very low-income individuals and couples	Construction of 35 units of supportive housing - homelessness and mental illness
Hedwig House, Inc.	Hedwig House Apartments	\$65,000	\$706,000	\$771,000	\$0	Very low-income individuals	Creation of community and office space in existing facility and combining 4 efficiency units into 2 one-bedroom units
Layton Blvd West Neighbors	Silver City Townhomes	\$151,000	\$4,062,882	\$4,212,882	\$0	Low-Income family	Construction of 20 rent-to-own townhomes.
Northwest Side CDC	Villard Square Family Housing	\$481,121	\$7,937,733	\$8,418,853	\$0	Low-Income family	Construction of mixed use building with 47 units of low-income "Grand Family" housing.
Our Space Inc.	Empowerment Village (525 W. Lincoln Ave.)	\$750,000	\$6,879,224	\$7,629,224	\$375,000	Mental Illness	Rehabilitation and Construction of 35 one bedroom apartments
United Methodist Children's Services	UMCS Phase III	\$240,000	\$5,149,399	\$5,389,399	\$0	Low-Income family	Construction of 24 units of large family housing
	Total:	\$2,322,910	\$42,097,468	\$44,420,378	\$693,395		

Amount Available		\$336,788					
Amount Requested		\$2,322,910					
Balance		(\$1,986,122)					

Applicant	Project Name/Location	Amount Requested	Proposed Amount Leveraged	Estimated Total Project Cost	Funding Recommendation	Population Served	Project Description
CATEGORY: HOMEOWNERSHIP							
Layton Blvd West Neighbors	Turnkey Renovations Program	\$20,000	\$155,000	\$175,000	\$20,000	Low-Income family	Purchase and rehabilitation of foreclosed property.
Milwaukee Christian Center	Youth Build Project (multiple locations)	\$40,000	\$513,868	\$553,868	\$0	Low-Income family	Accessible Single family housing (physical)
Milwaukee Community Service Corps	MCSC Housing Accessibility Retrofit Program	\$36,000	\$298,000	\$334,000	\$0	Low-Income family	Accessible Single family housing (physical, visual, and hearing)
Milwaukee Habitatat for Humanity	Woodland Condos	\$100,000	\$430,100	\$530,100	\$0	Low-Income family	Rehabilitation of condo units @ Woodlands
Northcott Neighborhood House, Inc.	Youthbuild - A Fresh Start	\$105,000	\$1,378,970	\$1,483,970	\$105,000	Low-Income family	Accessible Single family housing (physical)
Select Milwaukee	Homeownership Purchase/Rehab Program	\$240,560	\$2,663,602	\$2,904,162	\$0	Low-Income family	Assist Homebuyers in the acquisition and rehabilitation of affordable housing
	Total:	\$541,560	\$5,439,540	\$5,981,100	\$125,000		

Amount Available		\$240,563					
Amount Requested		\$541,560					
Balance		(\$300,997)					

OTHER Funds \$144,336

TOTAL ALL CATEGORIES	
Amount Available	\$962,250
Amount Requested	\$3,114,470
Balance	(\$2,152,220)

Proposed Leverage	\$47,872,008
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Total Funding Recommendation	\$818,395
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Balance	\$143,855
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Footnote: (a) Formal appraisal was not provided, written estimate of value provided by developer.

- (b)
- (c)
- (d)
- (e)



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; Bethany Sanchez; Brian Peters; and
Kenneth Little*

*Staff Assistant, Terry MacDonald
Phone: (414) 286-2233,
Email: tmacdo@milwaukee.gov*

Thursday, March 18, 2010

11:00 AM

Room 301-B, City Hall

Meeting convened: 11:09 A.M.

1. Roll call

Present 3 - Madden, Peters and Mathy

Excused 2 - Sanchez and Little

Also present: Ald. Murphy and Craig Kammholz, Comptroller's Office,
Mario Higgins, Dept. of Admin., Community Development Grants Admin.,
Assistant City Attorney Tom Gartner and Steve Kwaterski, Dept. of
Administration, Intergovernmental Relations

2. Review and approval of the minutes of the May 21, 2009 meeting

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

**Ms. Madden advised the committee that she has appointed Mr. Jim Mathy
to be the Vice Chair.**

3. Review and discussion on the current housing trust fund financing sources

Ms. Madden provided members with copies of the following documents prior to this meeting?

- 1. Chapter 316 of the Milwaukee code of ordinances; (Exhibit 1)*
- 2. Resolution File #060071 - Substitute resolution relating to the recommendations of the Milwaukee Housing Trust Fund Task Force for the operation and funding of a housing trust fund; (Exhibit 2)*
- 3. Memo prepared by Mr. Jeff Osterman, Legislative Reference Bureau, dated March 24 2006 regarding funding options for housing trust fund; (Exhibit 3)*
- 4. Memo prepared by Mr. Leo Ries dated April 20, 2006 regarding, recommendations for funding a housing trust fund; (Exhibit 4)*
- 5. May 2009 Public Policy Forum study titled: "Give Me Shelter: Responding to Milwaukee County's affordable housing challenges; (Exhibit 5)*
- 6. Meeting notes from LISC Milwaukee PPF Housing Study Work Group dated January 19, 2010; (Exhibit 6)*
- 7. Certified copy of Common Council File #080216 (Exhibit 7); and*
- 8. Certified copy of Common Council File #091404 (Exhibit 8).*

Ms. Madden said that during her review and discussion with City staff on Chapter 316, she was advised that it doesn't limit this subcommittee to review only the financing sources that were recommended in Common Council File #060071. She said this subcommittee can also determine how the funds are being distributed and should review and make a recommendation as to whether the awards should be in the form of grants or loans. She said this subcommittee is charged with not only coming up with funding sources, but to also make recommendations relating to expense management.

Ms. Madden said the purpose of today's meeting is to review the recommendations listed in file #060071 and determine whether they should continue to pursue any of them again, and if yes, then determine what the steps this subcommittee needs to take. She said a few years ago when all of those recommendations were considered the economy was in a different state.

Ms. Madden referred members to item six on page eight of file #060071 and said that all of those items listed under item six need changes in state legislation in order to implement. She said Ald. Murphy has already pursued the use of TID revenues to be used for housing trust fund purposes and that legislation passed in 2009. She said she would like this subcommittee to revisit the remaining six options listed.

Ms. Madden referred to the memos prepared by Mr. Jeff Osterman and Mr. Leo Ries and said she would like this subcommittee to consider whether to revisit those funding options.

Ms. Madden referred to the memo prepared by the focus group that was put together by the Public Policy Forum Housing Study Work Group and said she would also like this committee to review its suggestions.

Ms. Madden said she would also like this subcommittee to review pages 54-63 of the Public Policy Forum May 2009 Study that refers to promising practices.

Ms. Madden said that legislation was passed by the Common Council that would allow the housing trust fund to be added as a recipient to the UPAF and combined giving campaign (File #091404). She said there was also legislation passed that would allow the City to accept \$250,000 in private contributions to the housing trust fund (File #080216).

Mr. Mathy asked if this subcommittee had already considered any of the Public Policy Forum study recommendations on pages 53-64?

Ms. Madden replied in the negative.

Ald. Murphy replied that the real estate transfer fee was looked at fairly extensively.

Mr. Peters replied that he was a member of the Housing Trust Fund Task Force that set up the housing trust fund and the task force did extensive research on all the financing options listed in File #060071 and he would prefer not to have to go back and research them again.

Ms. Madden asked Ald. Murphy where the housing trust fund is at as far as becoming a donation recipient with United Way?

Ald. Murphy replied that File #091404 is a resolution that will allow the City to ask the combined giving campaign to include the housing trust fund as a recipient.

Mr. Kammholz said that the City needs to ask United Way to add the housing trust fund as a recipient.

Ald. Murphy suggested that this subcommittee submit a request to United Way asking that the housing trust fund be added as a recipient.

Ms. Madden replied in the affirmative. She said she will include that as one of this subcommittee's next steps.

Mr. Peters said that he suggested at a previous Housing Trust Fund Advisory Board meeting that it may want to consider contacting Community Shares, which works similar to United Way. He said he can find out who the contact person is at Community Shares.

Ms. Madden replied in the affirmative. She said that should be included in the next steps discussion.

Ms. Madden said that at the Finance Subcommittee meeting held in June 2008, City Attorney Gartner recommended that board explore the creation of a 501(c)(3) entity for the housing trust fund, similar to the one set up for Milwaukee Tech High School.

Atty. Gartner explained the concept of creating a 501(c)(3) foundation.

Ms. Madden said that exploring the creation of a 501(c)(3) foundation right now would be putting the cart before the horse. She said that is something they will want to explore in the future.

Ald. Murphy replied that having the City provide the staffing for a housing trust fund

501(c)(3) foundation would cost a lot less than creating a separate private entity and paying private employees. He said some donors may feel more comfortable donating to a private entity.

Mr. Kammholz replied that a non-profit entity could be setup now within the City as a contribution recipient so that it can begin accepting private donations and hopefully one day it would operate like a true foundation.

Atty. Gartner said the real issue is how will the donations be awarded, as grants, loans or revolving loans.

Ms. Madden asked which option would work the best?

Atty. Gartner replied that the nice thing about giving grants rather than loans is because they are the easiest. He said revolving loans would be easy too if they were done through a separate entity.

Mr. Kammholz said that there are some advantages to setting up a separate entity.

Ms. Madden said that one of the next steps is to make some recommendations as to how the funding awards will be made, such as in the form of grants or loans. She also said this subcommittee should look at how the funding should be structured.

Attorney Gartner said that the City is currently dealing with two types of projects, there are the larger projects, which tend to include tax credits and multiple funding sources and then there are the smaller projects that receive small funding awards. He said the problem is that the City is using the same disbursement document model for both types and that seems to be causing a lot of trouble for the smaller projects, because of the amount of paper work. He suggested that this subcommittee may want to work on making a distinction on how the funding is being allocated, whether it will be in the form of a grant or a loan.

Ms. Madden said that at the July 2009 Housing Trust Fund Advisory Board meeting, Ald. Murphy said that the state passed legislation that would allow the City to extend its tax incremental districts (TID) closing and those addition funds could be put into the housing trust fund. She asked if there has been any monies received yet and who tracks that funding?

Mr. Kammholz replied that the state passed the extension on the closing of the TID's, but it's not automatic that the funds would go to the housing trust fund. He said that the state legislation included procedures that require the City to first adopt a resolution to extend the life of the TID for a specific number of months and then forward it to the Department of Revenue for authorization to allocate those TID dollars.

Mr. Kammholz also said that Ald. Bohl is looking to use those TID dollars for his street repair initiative and that the Joint Review Board had some concerns on whether those funds could be used for street repairs. He said the Joint Review Board recently sent a request to the Attorney General for an opinion on that issue.

Ms. Madden said that this subcommittee should pursue the TID funding issue as a next step.

Ms. Madden referred to item number six, on page eight of file 060071 and said that she was advised that Ald. Murphy had decided that it would be best for City staff to focus on getting the state legislature to pass legislation for the extension of TIDs, and

said that one of the next steps for this committee is to invite Jennifer Gonda to appear before this subcommittee and review the remaining six items on the list.

Mr. Kammholz replied that there is fiscal stress at all levels of government that may affect the outcome of those items that require changes to state legislation. He said that it doesn't preclude this subcommittee from recommending that the City pursue one or more of the other matters on the list.

Mr. Peters said that the WI Realtors Association appeared before the Housing Trust Fund Task Force and they stated that they are opposed to the real estate transfer fee going to the Milwaukee's housing trust fund.

Mr. Kwaterski said some of those items on the list would most likely be taken up in a state budget.

Mr. Kammholz said that the state collects the real estate transfer fee and retains most of it for plat records, etc., and the remaining portion of those funds are distributed to each of the counties for real estate title record. He doesn't know what the percentage is that is given to the each of the counties.

Ms. Madden said that she would like to review those government accounts to find out if there are any excess monies.

Mr. Kwaterski said the Wisconsin Fiscal Bureau is the place to contact to find out the accounts revenue streams.

Mr. Kammholz said the real estate transfer fee was a sensitive issue with the state and the county and suggested that the subcommittee wait until Ms. Gonda returns and have her research the revenue streams.

Mr. Peters referred to page seven of file #060071 and said that the Potawatomi payment should have been the housing trust fund's biggest funding source and should have been on-going and asked where is that payment?

Mr. Kammholz replied that the City would rather not earmark revenue for a specific purpose, because it may or may not meet the needs. What the City does is allocate a portion of its capital proceeds or levy proceeds to that it feels would meet the next year's needs for each of its programs.

Ms. Madden said that it will be challenge to get private donors if the City isn't stepping up.

Mr. Kammholz replied that the housing trust fund should consist of public and private funding.

Ms. Madden asked if it is the task of this subcommittee to find private funding sources only?

Attorney Gartner said that any use of city funds will have a tax levy impact.

Mr. Peters said that he was never in favor of the concept of using obligation bonds to fund the housing trust fund, because it would cost the City more. He said he is in favor of the TID extensions.

Ms. Madden asked Mr. Peters if he thinks its worth pursuing the TID extensions?

Mr. Peters replied in the affirmative.

4. Discussion on the next steps this committee needs to take relating to financing the housing trust fund

Ms. Madden said there is a next steps list and a "to-do" list:

The next steps list is as follows:

1. Mr. Peters will get contact information for Community Shares.

2. Ms. Madden said she will gather information on how to go about setting up the HTF as a recipient of United Way funds.

Mr. Peters asked if someone could find out if any of the organizations that are receiving housing trust fund dollars are also receiving United Way dollars.

Mr. Higgins replied that he could get that information.

3. Document how the monies will be allocated, whether they will be in the form of grants and/or loans.

4. Expense Management, such as set a ceiling award amount and possibly set a time period that the awardee will have to expend the award by.

5. Identify funding parameters.

Mr. Mathy said he would look at funding parameters.

Mr. Kammholz replied that Mr. Mathy could send his information to Mr. Higgins and the Technical Review Subcommittee could review it.

6. Mr. Mathy said he would review the promising practices listed in the Public Policy Forum study.

7. Mr. Peters said the Center for Community change has a website that has examples on how different housing trust funds run. He said he will get some examples for this subcommittee to review.

8. Mr. Kammholz recommended that this subcommittee meet with the Dept of City Development regarding TID extension funding. He said Ms. Madden may want to talk to Ald. Murphy first and then with the Commissioner of Dept. of City Development.

Attorney Gartner said that the TIF extension issue will probably be discussed during the City budget. He said by then the Attorney General's opinion should be in regarding the use of TID monies for Ald. Bohl's paving initiative.

The "to-do" list is as follows:

1. Have Ms. Jennifer Gonda appear before this subcommittee to review the remaining items listed under item six, on page eight of file #070061.

2. Look at how to structure a 501(c)(3) organization. Include how the small and large projects would be administered.

5. Next meeting date, time and agenda

Meetings will take place on the first Thursday of each month beginning with May 6 at 11:00 P.M.

Meeting adjourned: 1:02 P.M.

**Terry J. MacDonald
Staff Assistant**

MacDonald, Terry

From: MacDonald, Terry
Sent: Thursday, March 11, 2010 8:35 AM
To: Bethany Sanchez ; Brian Peters; Cathie Madden; Gartner, Thomas; Jim Mathy; Kenneth Little; Osterman, Jeffrey; 'Sign language interpreter'
Cc: Higgins, Mario; Kammholz, Craig; Mahan, Steven
Subject: 3/18/10 Housing Trust Fund Advisory Board Finance Subcommittee Meeting agenda, etc.

To All HTFAB Finance Subcommittee Members, Staff and Interested Persons:

Attached are the March 18, 2010 meeting agenda, draft meeting minutes and several background materials that Ms. Madden is forwarding on to you for your review.

Please see Ms. Madden's e-mail below.

If you have any questions, please feel free to contact me.

Sincerely,

Ms. Terry J. MacDonald, Staff Assistant
City of Milwaukee, City Clerk's Office
200 East Wells St., Room 205
Milwaukee, WI 53202
414-286-2233
Fax: 414-286-3456
Terry.Macdonald@milwaukee.gov

From: Cgmadden@aol.com [mailto:Cgmadden@aol.com]
Sent: Sunday, March 07, 2010 3:12 PM
To: MacDonald, Terry
Subject: Note To Finance Subcommittee RE: 3.18.10 Meeting Background

My apologies for not getting to all of you before this regarding a Finance Committee meeting. I've been doing some research to try and understand where some things are at before we convene. I know how busy all of you are and want to make sure that your time is well spent when we do meet.

Given that all of us have varying degrees of experience with the HTF, and the funding for it, I've asked

3/15/2010

Terry MacDonald to forward some documents that will provide a common background for all of us. Some of you have seen most of these documents so there won't be much for you to read. However, I want to make sure we all have access to the same information.

Attached are documents related to establishment of the HTF including short and long-term funding source options, plus several other pieces related to prospective funding sources. To expedite your time with this I've also made suggestions for what to focus on in each (if you haven't seen the information already):

1. **Chapter 316** establishes the City of Milwaukee HTF. Our "charter" is **section 316-5-2(c)**. I've also asked about section **316-5-2(d)** and whether our Committee can come up with recommendations there given that none exist. I've been told we can. The reason for doing that is to not only come up revenue possibilities for the HTF but expense management guidance as well.
2. **Resolution 060071** contains recommendations for funding sources for the HTF. **Page 7-8, #1-6**, is the list of funding sources endorsed by the Common Council.
3. The **3.24.06 memo from Jeff Osterman, Legislative Reference Bureau**, lists funding options which Do and Do Not require state legislation.
4. The **4.20.06 memo from Leo Ries** lists funding recommendations from the **Financing Models Subcommittee**.
5. The **PPF Study on Housing** is long; I recommend reading **only pages 54-63: Promising Practices**, for models on how other areas funded their HTFs. We've looked at the Recommendations in the past; Promising Practices, however, is most relevant to this Committee.
6. Meeting notes from a recent **PPF Housing Study Focus Group** convened to discuss "next steps" with the PPF study.
7. **Certified Copy of File #080216** is the Resolution authorizing the acceptance and expenditure of up to \$250,000 in private contributions by the Department of Administration, Community Development Grants Administration Division for the Housing Trust Fund. It was approved by the Council on July 1, 2008.
8. **Text File report for F&P File #091404** is the Resolution relating to the inclusion of the City of Milwaukee Housing Trust Fund as a participating recipient of donations in future City UPAF/Visions and Combined Giving campaigns. This file was approved by the Council at its March 2, 2010 meeting and is in the Mayor's Office for signing. He has until March 11, 2010 to sign and return.

Anything you can look over before the March 18th meeting will help us be more productive. Future meetings should not need this amount of information reviewed prior to them...no worries.

Regards~ Cathie

**CHAPTER 316
HOUSING TRUST FUND**

	Table
316-1	Establishment; Purpose
316-3	Administration
316-5	Housing Trust Fund Advisory Board
316-7	Financing the Housing Trust Fund

316-1. Establishment; Purpose. There is established a housing trust fund to support developers and governmental entities in the acquisition, construction, rehabilitation and modification of affordable and accessible housing for low-income households, and to finance support services that assist low-income households in obtaining and maintaining affordable housing.

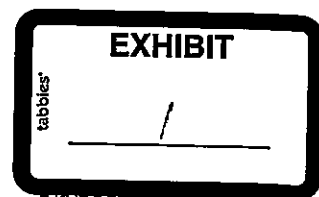
316-3. Administration. The housing trust fund shall be administered by the community development grants administration division of the department of administration. The community development grants administration division, guided by the recommendations of the Milwaukee housing trust fund task force approved by the common council in resolution file number 060071, shall:

1. Administer the housing trust fund.
2. Develop and implement appropriate rules, procedures, guidelines and regulations for the proper operation of the housing trust fund, including the necessary internal controls over the fund.
3. Review requests for funding from the housing trust fund and make funding recommendations to the housing trust advisory board.
4. Establish criteria and procedures for reviewing requests for funding from the housing trust fund, and for allocating funds from the housing trust fund.
5. Prepare and submit an annual report to the mayor and common council concerning the administration and activities of the housing trust fund.

316-5. Housing Trust Fund Advisory Board.

1. **CREATED.** a. There is created a housing trust fund advisory board consisting of the following 13 members who shall serve staggered 2-year terms:

- a-1. 2 common council members appointed by the common council president.
 - a-2. 2 members appointed by the mayor.
 - a-3. The city comptroller or designee.
 - a-4. A non-profit developer, appointed by the common council president.
 - a-5. A for-profit developer, appointed by the common council president.
 - a-6. A representative of Continuum of Care, appointed by the agency.
 - a-7. A representative of a financial institution, appointed by the common council president.
 - a-8. A representative of the Local Initiatives Support Corporation, appointed by the agency.
 - a-9. A representative of the Metropolitan Milwaukee Fair Housing Council, appointed by the agency.
 - a-10. A representative of Independence First, appointed by the agency.
 - a-11. A representative of the Interfaith Conference of Greater Milwaukee, appointed by the agency.
 - b. The mayor shall designate the board chair and vice-chair.
 - c. Members need not be city residents.
2. **DUTIES.** Guided by the recommendations of the Milwaukee housing trust fund task force approved by the common council in resolution file number 060071, the housing trust fund advisory board shall:
- a. Evaluate requests for funding from the housing trust fund after the requests have been submitted to and reviewed by the community development grants administration division.
 - b. Make recommendations to the common council concerning the allocation of housing trust funds based on the recommendations of the community development grants administration division.
 - c. Identify sources of financing the housing trust fund that may be utilized for consideration by the common council.
 - d. Adopt rules, guidelines and criteria to assist the board in carrying out its responsibilities.



316-7 Housing Trust Fund

3. STAFFING. The community development grants administration division and the city clerk's office shall provide staff support to the board.

316-7. Financing the Housing Trust Fund.

1. SOURCES. a. It is anticipated that the housing trust fund is to be funded by sources identified in common council resolution file number 060071, such as start-up funding using general obligation bonds, surplus Potawatomi Bingo Casino revenues, post-closure tax incremental district revenues, excess payments in lieu of taxes and other funding sources that may be identified by the common council and the housing trust advisory board.

b. The housing trust fund shall be initially capitalized for a maximum of \$5 million in general obligation proceeds, with the resulting annual debt service being amortized by surplus Potawatomi Bingo Casino revenues, post-closure tax incremental district revenues, excess payments in lieu of taxes, and secondarily by the property tax levy. Bonds shall be issued as bond-funded projects are approved by the common council. These bonds shall be issued such that bond-sale proceeds will be used for a purpose for which the city will be exempt from the requirement to hold a referendum on the bond sale, as provided in state law. This bond sale shall be considered a one-time commitment intended to provide start-up funding for the housing trust fund.

2. DEPOSITS AND EXPENDITURES. The city comptroller shall establish the necessary accounts for the deposit and expenditure of housing trust funds.

Housing Trust Fund 316--(HISTORY)

LEGISLATIVE HISTORY
CHAPTER 316

Abbreviations:
am = amended
cr = created

ra = renumbered and amended
rc = repealed and recreated

rn = renumbered
rp = repealed

<u>Section</u>	<u>Action</u>	<u>File</u>	<u>Passed</u>	<u>Effective</u>
Ch. 316	cr	041537	11/14/2006	12/2/2006
316-5-1-b	am	070140	5/8/2007	5/25/2007
316-5-1-c	cr	070140	5/8/2007	5/25/2007
316-5-3	am	070140	5/8/2007	5/25/2007

316-Housing Trust Fund

[Pages 232 to 340 are blank]



City of Milwaukee
Text File
Resolution

200 E. Wells Street
Milwaukee, Wisconsin
53202

Introduced: 5/9/2006

File Number: 060071

Status: Passed

Version: 3

Sponsors: Ald. Murphy, Ald. McGee Jr., Ald. D'Amato, Ald. Bauman, Ald. Hines Jr., Ald. Wade and Ald. Witkowiak

..Number

060071

..Version

SUBSTITUTE 3

..Reference

051017

..Sponsor

ALD. MURPHY, MCGEE AND D'AMATO

..Title

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

..Analysis

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

..Body

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

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

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

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

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

Financing the Housing Trust Fund

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

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

3. If future City payments from the Potawatomi Bingo Casino exceed the current amount of \$3.38 million per year, the additional revenues shall be dedicated for the Housing Trust Fund. If the casino is expanded, payments to the City could increase by \$2 million to \$4 million.

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

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

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

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

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

5. 80% of the net proceeds from the sale of City-owned vacant land should be designated for the Housing Trust Fund. The remaining 20% would continue to go to the Redevelopment Authority for its administration of the land-sale program. Based on actual City land-sale proceeds over the past 5 years, it appears that this option could generate \$132,000-\$275,000 for the Housing Trust Fund each year.

6. Any payments in lieu of taxes ("PILOTs") received by the City from newly-negotiated PILOT agreements with owners of tax-exempt property should be dedicated for the Housing Trust Fund. Based on recent experience, PILOTs could generate \$20,000-\$27,000 per year for the Housing Trust Fund.

7. The City, through appropriate Common Council resolutions and the efforts of the Department of Administration-Intergovernmental Relations Division, should seek introduction and passage of state legislation that would:

- Allow revenues from tax incremental districts to be used for housing trust fund purposes outside those districts.
- Allow municipalities to assess linkage fees in the range of 10 to 30 basis points per square foot of new construction (both residential and non-residential), with the proceeds from such fees available to support local housing trust funds.
- Create a 50% state tax credit for contributions to housing trust funds.
- Enable municipalities and counties to levy taxes and fees that solely support housing trust funds. Such taxes and fees should be exempt from state-imposed revenue caps or tax-levy freezes.
- Create a State of Wisconsin housing trust fund to be funded, at least in part, by real estate transfer fee proceeds, with no funds coming from local governments. Specifically, this housing trust fund should be funded by 5% of the real estate transfer fee revenues (i.e., the share of transfer fee revenues retained by the State for other purposes would be reduced from 80% to 75%).
- Increase the amount of the real estate transfer fee statewide from \$3 per \$1,000 of sale price to \$4 per \$1,000, with the increased revenues being dedicated to the state housing trust fund (if one is created) or to local housing trust funds (if no state housing trust fund is created).
- Eliminate the exemption from the requirement to pay the real estate transfer fee that currently applies to transfers involving purchasers that are limited liability companies ("LLCs"), with the additional transfer fee revenues being dedicated to the state housing trust fund or, if no state fund is created, to local housing trust funds.

Operation of the Housing Trust Fund

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

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

2. Oversight of administration of the Housing Trust Fund, as well as final funding recommendations to the Common Council, should be provided by a 13-member advisory board consisting of the following members, who shall serve staggered, 2-year terms:

- Two Common Council members (appointed by the Common Council President)
- Two members to be appointed by the Mayor
- The City Comptroller or his/her designee
- A non-profit developer (appointed by the Common Council President)
- A for-profit developer (appointed by the Common Council President)
- A representative of Continuum of Care
- A representative of a financial institution (appointed by the Common Council President)
- A representative of the Local Initiatives Support Corporation
- A representative of the Metropolitan Milwaukee Fair Housing Council
- A representative of Independence First
- A representative of the Interfaith Conference of Greater Milwaukee

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

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

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

modifications in any of the 3 funding categories (homeless, rental and home ownership).

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

4. Rental housing which is supported by the Housing Trust Fund shall remain affordable for a minimum of 30 years, with a review of the affordability requirement at 15 years. The advisory board shall have discretion to remove a particular housing development from the Housing Trust Fund program at the time of the 15-year review.

5. For acquisition, new construction or rehabilitation of an owner-occupied dwelling, a Housing Trust Fund loan should be forgiven if the owner lives in the home for at least 5 years. The requirement to live in the home for at least 5 years could be imposed through a deed restriction. If the owner sells the home before the end of the 5-year period, the owner would be required to reimburse the Housing Trust Fund the entire loan amount unless the property is sold to another income-eligible household.

6. For housing for the homeless, the period of affordability should be 50 years.

7. Financial assistance from the Housing Trust Fund for acquisition or new construction of owner-occupied housing should be limited to households with incomes at or below 100% of the County Median Income (currently \$67,200 for a family of 4), where "income" is as defined on the Census Bureau's Long Form. For homeowners seeking financial assistance for rehabilitation projects, household income should be limited to 65% of County Median Income (currently \$43,680) for substantial work (e.g., work valued at more than \$5,000) and 100% of County Median Income for more modest projects (e.g., work valued at \$5,000 or less). The dollar values of these income limits will, naturally, be adjusted over time as County Median Income changes.

8. Housing Trust Fund assistance for rental housing and projects for the homeless (acquisition, new construction or rehabilitation) should be limited to projects that serve households and individuals at or below 50% of the County Median Income (currently \$33,600).

9. Housing Trust Fund dollars should be available for home-buying counseling, but agencies providing counseling should be required to demonstrate that they serve low- and moderate-income clients. Also, any organization that receives Housing Trust Fund money for this purpose should be required to prove that it has the ability to assist disabled individuals needing counseling (e.g., the organization offers translation services, materials in Braille, etc.).

10. The advisory board should give weighted consideration to an application for Housing Trust Fund assistance if the proposed project will:

- Leverage other funds (private and/or public).
- Serve the lowest-income segment of the population.
- Extend the term of affordability beyond the minimum required by the Housing Trust

Fund.

- Use workers from the neighborhood and/or give priority to emerging business enterprise contractors.
- Encourage more neighborhood diversity and increase housing choices within the neighborhood.
- Use green building principles.
- Coordinate with and enhance the work of other entities in the neighborhood, such as employers, business improvement districts, schools, job training agencies or social service agencies.
- Facilitate the movement of persons from institutions into the community.
- Use contractors who pay family-supporting wages.

11. The following accessibility standards shall apply to all new construction or substantial rehabilitation of housing supported by Housing Trust Fund dollars:

- Section 504 of the Rehabilitation Act of 1973.
- Fair Housing Act as amended.
- Americans with Disabilities Act (with respect to marketing-office and common areas).
- Wisconsin Open Housing Act.
- Architectural Barriers Act.
- The design principles of any one of the following:
 - "Aging in place".
 - "Universal design".
 - Any other accessible and/or adaptable design criteria approved by the Housing Trust Fund's advisory board.
- For new housing units in one- to 3-unit structures, each ground-floor unit shall be constructed to the following "visitability" standards:
 - One zero-step entrance to the dwelling unit that will permit a visitor using a wheelchair to enter the main-level floor of the dwelling unit through a doorway entrance that has a minimum 32" clear passage opening.
 - A usable path of travel throughout the interior main-level floor of the dwelling unit that is no narrower than 36" at any point except for interior doorway openings with a minimum 32" clear passage opening.
 - A powder room (half bath) on the main-level floor that has: 1) a doorway entrance with a minimum 32" clear passage opening; 2) sufficient space to close the entrance door while the room is occupied; 3) a minimum 30" by 48" floor space clearance; 4) reinforced walls for future installation of grab bars to provide access to the toilet if necessary.
- Any of these standards (except standards imposed by federal or state law) may be waived or reduced by the Housing Trust Fund's advisory board, upon consultation with appropriate City staff, if project site conditions are unsuitable, but any such waiver does not exempt the project from all other applicable requirements regarding accessibility and visitability.

; and

Whereas, Implementation of any of the recommendations contained in the Task Force's Final Report will require endorsement and implementation by the Common Council via

appropriate legislation, including ordinances, resolutions and budget amendments; now, therefore, be it

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

Financing the Housing Trust Fund

1. The Housing Trust Fund should be funded at a minimum level of \$5 million annually.
2. The City shall issue up to \$5 million in general obligation bonds to fund the Housing Trust Fund in its first year of operation, with debt service being funded first by the additional Potawatomi Bingo Casino revenues and tax incremental district revenues described in numbers 3 and 4 below and secondarily by the property tax levy. Bonds shall be issued as bond-funded projects are approved by the Common Council. These bonds shall be issued in such a manner that it is clear that bond-sale proceeds will be used for a purpose for which the City would be exempt from the requirement to hold a referendum on the bond sale, as provided in the Wisconsin Statutes. This bond sale should be viewed as a one-time commitment intended to provide start-up funding for the Housing Trust Fund.
3. If future City payments from the Potawatomi Bingo Casino exceed the current amount of \$3.38 million per year, 50% of the additional revenues shall be dedicated for the Housing Trust Fund.
4. When a tax incremental district is closed, for each of the 2 years immediately following the year in which closure occurred, the City shall designate General Fund revenue for the Housing Trust Fund in an amount equal to one-half the incremental tax revenue (City portion) received from the TID during the last tax collection cycle in which the tax incremental district was in existence. Thus, for any year in the future - 2010, for example -- the total funds generated for the Housing Trust Fund for that year would be one-half the final-year tax increment (City portion) for all TIDs that were closed in the preceding 2 years (in this case, TIDs that closed in 2006, 2007, 2008 and 2009).

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

2007	\$1,337,450
2008	\$1,557,500
2009	\$378,450
2010	\$284,750
2011	\$155,600
2012	\$29,250
2013	\$715,050
2014	\$827,150
2015	\$230,150

2016 \$607,550

5. Any payments in lieu of taxes ("PILOTs") received by the City from newly-negotiated PILOT agreements with owners of tax-exempt property shall be dedicated for the Housing Trust Fund, if so designated by the property owner.

6. The City, through appropriate Common Council resolutions and the efforts of the Department of Administration-Intergovernmental Relations Division, shall seek introduction and passage of state legislation that would:

- Allow revenues from tax incremental districts to be used for housing trust fund purposes outside those districts.
- Allow municipalities to assess linkage fees in the range of 10 to 30 basis points per square foot of new construction (both residential and non-residential), with the proceeds from such fees available to support local housing trust funds.
- Create a 50% state tax credit for contributions to housing trust funds.
- Enable municipalities and counties to levy taxes and fees that solely support housing trust funds. Such taxes and fees should be exempt from state-imposed revenue caps or tax-levy freezes.
- Create a State of Wisconsin housing trust fund to be funded, at least in part, by real estate transfer fee proceeds, with no funds coming from local governments. Specifically, this housing trust fund should be funded by 5% of the real estate transfer fee revenues (i.e., the share of transfer fee revenues retained by the State for other purposes would be reduced from 80% to 75%).
- Increase the amount of the real estate transfer fee statewide from \$3 per \$1,000 of sale price to \$4 per \$1,000, with the increased revenues being dedicated to the state housing trust fund (if one is created) or to local housing trust funds (if no state housing trust fund is created).
- Eliminate the exemption from the requirement to pay the real estate transfer fee that currently applies to transfers involving purchasers that are limited liability companies ("LLCs"), with the additional transfer fee revenues being dedicated to the state housing trust fund or, if no state fund is created, to local housing trust funds.

Operation of the Housing Trust Fund

1. The Housing Trust Fund shall be administered by the Community Development Grants Administration Division of the City's Department of Administration. While the Housing Trust Fund would be administered by this office, requests-for-proposals, public hearings and funding-allocation decisions shall be kept separate from the City's CDBG activities.

2. A Housing Trust Fund Advisory Board shall be established to make project funding recommendations to the Common Council for approval. The 13-member Advisory Board shall consist of the following members, who shall serve staggered, 2-year terms:

- Two Common Council members (appointed by the Common Council President)
- Two members to be appointed by the Mayor
- The City Comptroller or his/her designee

- A non-profit developer (appointed by the Common Council President)
- A for-profit developer (appointed by the Common Council President)
- A representative of Continuum of Care
- A representative of a financial institution (appointed by the Common Council President)
- A representative of the Local Initiatives Support Corporation
- A representative of the Metropolitan Milwaukee Fair Housing Council
- A representative of Independence First
- A representative of the Interfaith Conference of Greater Milwaukee

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

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

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

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

4. Rental housing which is supported by the Housing Trust Fund shall remain affordable for a minimum of 30 years, with a review of the affordability requirement at 15 years. The Common Council shall have discretion to remove a particular housing development from the Housing Trust Fund program at the time of the 15-year review.

5. For acquisition, new construction or rehabilitation of an owner-occupied dwelling, a Housing Trust Fund loan shall 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 may be imposed through a deed restriction. If the owner sells the home before the end of the 5-year period, the owner shall be required to reimburse the Housing Trust Fund the entire loan amount unless the property is sold to another income-eligible household.

6. For housing for the homeless, the period of affordability shall be 50 years, with a review of the affordability requirement at 15 years and 30 years. The Common Council shall have

discretion to remove a particular housing development from the Housing Trust Fund program at the time of the 15-year review or the 30-year review.

7. Financial assistance from the Housing Trust Fund for acquisition or new construction of owner-occupied housing shall be limited to households with incomes at or below 100% of the County Median Income (currently \$67,200 for a family of 4), where "income" is as defined on the Census Bureau's Long Form. For homeowners seeking financial assistance for rehabilitation projects, household income shall be limited to 65% of County Median Income (currently \$43,680) for substantial work (e.g., work valued at more than \$5,000) and 100% of County Median Income for more modest projects (e.g., work valued at \$5,000 or less). The dollar values of these income limits shall be adjusted over time as County Median Income changes.

8. Housing Trust Fund assistance for rental housing and projects for the homeless (acquisition, new construction or rehabilitation) shall be limited to projects that serve households and individuals at or below 50% of the County Median Income (currently \$33,600).

9. Housing Trust Fund dollars shall be available for home-buying counseling, but agencies providing counseling shall be required to demonstrate that they serve low- and moderate-income clients. Also, any organization that receives Housing Trust Fund money for this purpose shall be required to prove that it has the ability to assist disabled individuals needing counseling (e.g., the organization offers translation services, materials in Braille, etc.).

10. The Advisory Board shall give weighted consideration to an application for Housing Trust Fund assistance if the proposed project will:

- Leverage other funds (private and/or public).
- Serve the lowest-income segment of the population.
- Extend the term of affordability beyond the minimum required by the Housing Trust Fund.
- Use workers from the neighborhood and/or give priority to emerging business enterprise contractors.
- Encourage more neighborhood diversity and increase housing choices within the neighborhood.
- Use green building principles.
- Coordinate with and enhance the work of other entities in the neighborhood, such as employers, business improvement districts, schools, job training agencies or social service agencies.
- Facilitate the movement of persons from institutions into the community.
- Use contractors who pay family-supporting wages.
- Be taxable.

11. The following accessibility standards shall apply to all new construction or substantial rehabilitation of housing supported by Housing Trust Fund dollars:

- Section 504 of the Rehabilitation Act of 1973.

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

; and, be it

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

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

..Requestor

..Drafter
LRB06229-5
JDO
09/25/2006

MEMORANDUM

To: Milwaukee Housing Trust Fund Task Force members
From: Jeff Osterman, Legislative Reference Bureau
Date: March 24, 2006
Subject: FUNDING OPTIONS FOR HOUSING TRUST FUND

+++++

The first meeting of the Housing Trust Fund Financing Models Subcommittee was held on March 13. The Subcommittee's primary task was to develop a list of possible funding sources for the Housing Trust Fund. Funding options were divided into two categories -- those for which no state legislation is needed and those requiring a change in state law. The Subcommittee identified the following as potential funding sources for the Housing Trust Fund:

Funding Options With No State Legislation Required

1. TIF-equivalent general revenue contributions. When a TID is closed, the City could designate the same amount of tax revenue it had been receiving prior to TID closure (from the tax increment used to repay the TID) for the purpose of funding the Housing Trust Fund. The other taxing jurisdictions that forego tax revenues in the TIF process could also do the same thing with their post-closure shares of TID revenues.
2. Set aside a portion of the City's annual bonding for the purpose of funding the Housing Trust Fund. There was some concern about this option because there must be a revenue source to support the bonding, and affordable housing doesn't produce a lot of revenue. On the other hand, it was argued that bonding for this purpose does support economic development and expansion of the tax base.
3. Some kind of development fee or "linkage" fee. Such a fee might be tied to condo conversions or the construction of condos priced at more than \$500,000, for example. There were some philosophical objections to this option (i.e., development fees put development in the city at a competitive disadvantage against development in the suburbs). But maybe the City can offer some kind of development incentive or bonus to developers in exchange for contributing to the Housing Trust Fund (a tax-break type of incentive would probably require state legislation).
4. The City's share of the real estate transfer fee. A State budget bill provision to require Milwaukee County to transmit, to the City of Milwaukee, the City's share of the County's real estate transfer fee proceeds was removed from bill before final adoption.
5. A fee on downtown parking spaces.



6. The addition of a \$1 surcharge to the price of any entertainment-event ticket costing \$30 or more.

7. Proceeds from the sale of City land. However, it was noted that sale proceeds are often minimal (e.g., \$1 lots) and that DCD relies on these proceeds to fund its budget.

8. A portion of the City's Potawatomi Bingo Casino revenues.

Funding Options Requiring State Legislation

1. Increasing the hotel/motel tax.

2. Establishing an income-tax credit for persons who make contributions to the Housing Trust Fund.

3. Using TIF revenues to fund affordable-housing projects outside the individual tax incremental districts (like Minnesota does).

To: Financing Models Subcommittee Members

From: Leo J. Ries

Date: April 20, 2006

Re: Recommendations for funding a Housing Trust Fund (HTF)

After reviewing various options, I am proposing that the Financing Models Subcommittee recommend a two-pronged strategy for financing the proposed HTF. In my opinion, the optimal funding option would require changes in state legislation for implementation. Consequently, I believe our Subcommittee should propose that the City implement the program on a limited scale using funds over which the City already has authority and then, simultaneously, pursue changes in state legislation that would generate more substantial funds over an extended period of time.

Short-term plan:

I believe that our Subcommittee should recommend that the City issue general obligation bonds totaling \$5 million which will provide the start-up capital for the HTF. Repayment of the bond would be tied to TIF-equivalent general revenue contributions for two to three years or until the bond is retired.

Discussion: When a TIF district is closed, the City would designate the same amount of tax revenue it had been receiving prior to closure for the purpose of repaying the bond. The taxing jurisdictions that forego tax revenues in the TIF process could support repayment of this bond or finance an additional bond in a similar fashion with their post-closure shares of the TIF District revenue.

Long-term plan:

I believe that our Subcommittee should also recommend that the City aggressively pursue two legislative changes at the state level that would provide predictable, designated revenue stream for the long term.

1. Change state statutes to permit the City to divert surplus funds from high-performing TIF Districts to a fund specifically to support the activities of the proposed HTF.

Discussion: A 2004 change in state statutes approved the re-establishment of the "Donor TIF" concept. This legislative change allows a successful TIF District to donate excess revenue to a TIF District with an underperforming revenue stream. The legislative change, as proposed here, would extend this concept to include contributions of TIF revenue to the HTF. TIF Districts would be held open beyond the projected retirement date for a modest period of time (e.g. two to four years), during which time the revenue would be directed to the HTF.

Since the revenue coming into the HTF would be variable from one year to the next, the fund could be managed similar to the Tax Stabilization Fund, from which amounts would be budgeted and disbursed annually according to schedule to insure consistent, sustainable levels of annual investment in the City's housing stock, ideally around \$5 million annually. The benefit of this approach is that it would link the prosperity of commercial, industrial and downtown developments to the well being of the entire community. In other words, low-income residents and neighborhoods with depressed



values would also benefit from the economic resurgence that occurs in neighborhoods that are thriving.

2. Establish a "Housing Assistance Tax Credit" to any individual or corporate donor equal to 50% of any contribution made to the Housing Trust Fund or to any project that serves the population targeted by the Housing Trust Fund.

Discussion: The federal government already provides tax credits to encourage the development of affordable housing. This program, known as the Low Income Housing Tax Credit Program or the Section 42 program, is available only for the development of permanent rental housing, is rather complex to utilize, relies in investments primarily from very large corporate and financial entities and does not effectively reach very low income individuals.

The State Tax Credit envisioned here is envisioned having a wider range of eligible uses and could be used to reward modest contributions from individuals as well as substantial investments by large corporations. The program, as proposed here, would create an opportunity for wealthy individuals and corporations outside of the City of Milwaukee to invest directly in the economic future of southeastern Wisconsin by improving conditions within the City. Based on research done by LISC, there are 17 states that have implemented a tax credit program similar to the one proposed here, with credits ranging from 20% to 70% of the donated funds. (Programs established in other states prescribe a varied range of activities as eligible beneficiaries of the tax credit program, such as community services, crime prevention, education, health care services, energy conservation, housing, job training, neighborhood assistance programs, economic development. The tax credit program, as proposed here, could be broadened or limited depending on the will of the policy makers.)

GIVE ME SHELTER:

*Responding to Milwaukee County's
affordable housing challenges*



ABOUT THE PUBLIC POLICY FORUM

Milwaukee-based Public Policy Forum – which was established in 1913 as a local government watchdog – is a nonpartisan, nonprofit organization dedicated to enhancing the effectiveness of government and the development of southeastern Wisconsin through objective research of regional public policy issues.

PREFACE AND ACKNOWLEDGMENTS

This report was undertaken to provide citizens and policymakers in the Milwaukee region with a comprehensive understanding of the affordable housing landscape in Milwaukee County and the strengths and weaknesses of existing public and private sector programs, policies and activities designed to address the county's affordable housing challenges. The report also explores innovative housing program models in other jurisdictions that might be applicable to Greater Milwaukee. We hope that policymakers and community leaders will use the report's findings to inform discussions during upcoming policy debates and budget deliberations regarding housing programs and strategies in our region.

Report authors would like to thank an esteemed group of housing experts for their insights and assistance. Those individuals are listed in **Appendix A**. Special thanks goes to housing officials at Milwaukee County and the City of Milwaukee for providing information on finances and operations of existing housing programs.

Finally, we wish to thank the Local Initiatives Support Corporation (LISC) for commissioning this research, and the City of Milwaukee, Milwaukee County, the Helen Bader Foundation, the Greater Milwaukee Foundation, M&I Bank, U.S. Bank, and Select Milwaukee for providing financial support to LISC.

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GIVE ME SHELTER:

Responding to Milwaukee County's Affordable Housing Challenges

May 2009

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**RESEARCH COMMISSIONED BY:
LOCAL INITIATIVES SUPPORT CORPORATION (LISC)**

**WITH FINANCIAL SUPPORT FROM:
CITY OF MILWAUKEE, MILWAUKEE COUNTY,
HELEN BADER FOUNDATION, GREATER MILWAUKEE FOUNDATION,
M&I BANK, U.S. BANK, AND SELECT MILWAUKEE**

TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
INTRODUCTION	6
DATA AND METHODOLOGY	8
SECTION I: MILWAUKEE’S AFFORDABLE HOUSING LANDSCAPE.....	10
Milwaukee’s Rental Housing Market: A Comparison with Other Markets.....	10
An Analysis of Supply and Demand in Milwaukee’s Low-income Rental Market	14
Summary of Key Findings.....	26
<i>Key Finding #1 – Milwaukee’s affordability crisis is driven by low household incomes, not high rents.....</i>	<i>26</i>
<i>Key Finding #2 – Milwaukee’s housing affordability crisis is most severe among extremely low income households—those households making less than 30% of the Area Median Income.</i>	<i>26</i>
<i>Key Finding #3 – The vast majority of Milwaukee County’s low-income renters do not receive public rental subsidies.....</i>	<i>26</i>
<i>Key Finding #4 – The health of Milwaukee’s current private rental stock is failing.....</i>	<i>27</i>
SECTION II: AN ASSESSMENT OF MILWAUKEE’S EFFORTS AND CAPACITY TO ADDRESS ITS HOUSING AFFORDABILITY CHALLENGES	28
Public Infrastructure	28
<i>Federal Aid for Public Housing.....</i>	<i>30</i>
<i>Federal HOME Investment Partnership.....</i>	<i>31</i>
<i>Federal Community Development Block Grants (CDBG).....</i>	<i>32</i>
<i>Federal Housing Choice Voucher Program (Section 8 Vouchers).....</i>	<i>34</i>
<i>Federal Project-Based Section 8 Subsidies.....</i>	<i>38</i>
<i>Local Housing Trust Funds</i>	<i>39</i>
<i>Local Tax Increment Financing (TIF).....</i>	<i>41</i>
<i>Federal Section 42 Low-Income Housing Tax Credits (LIHTC).....</i>	<i>42</i>
<i>Special Needs</i>	<i>43</i>
Conclusion	45
Private and Nonprofit Market Response	45
<i>Community Development Financial Institutions (CDFI)</i>	<i>45</i>

Community Development Corporations (CDCs) and Community-Based Housing Development Organizations (CHDOs)	47
Investor-owners (landlords)	50
Summary of Key Findings	53
<i>Key Finding #1 – Public efforts are fragmented.</i>	53
<i>Key Finding #2 – The funding needs for affordable housing production, rehab and services is too large to be satisfied by public dollars alone.</i>	53
<i>Key Finding #3 – There appears to be little stability, capacity or predictability in Milwaukee’s current community development system.</i>	53
SECTION III: PROMISING PRACTICES	54
Financing	54
<i>Chicago’s Community Investment Corporation (CIC)</i>	54
<i>New York’s Community Preservation Corporation (CPC)</i>	55
Capacity Building	55
<i>Chicago Rehab Network (CRN)</i>	56
<i>Community Preservation Corporation</i>	56
<i>City of Milwaukee</i>	57
Housing Trust Funds	57
<i>Indianapolis, Indiana</i>	57
<i>Chicago, Illinois</i>	58
<i>Columbus/Franklin County, Ohio</i>	59
<i>King County, Washington</i>	60
Other Innovative Ideas	61
<i>Corporate Neighborhood-focused Investments</i>	61
<i>Foundation-based Housing Initiatives</i>	62
<i>Section 8 Voucher Homeownership and Family Self-Sufficiency Programs</i>	62
SECTION IV: POLICY OPTIONS	64
Key Findings from Section I	64
Key Findings from Section II	64
Policy Options	66
APPENDIX A: COMPLETED INTERVIEWS	71
APPENDIX B: GLOSSARY OF TERMS AND ABBREVIATIONS	72

EXECUTIVE SUMMARY

Few issues better capture the complex and controversial nature of urban problems facing Metropolitan Milwaukee than the issue of affordable housing. Encompassing matters of racial segregation, poverty and failed public-private partnerships, the Milwaukee metro area's struggle to provide a safe, decent and affordable supply of housing to low-income citizens has been a difficult one. Even before the national economic meltdown, countless reports documented the severe housing burden facing low-income citizens in Milwaukee County. That burden, combined with the scarcity of affordable housing in suburban parts of southeast Wisconsin, has cemented the region's place as one of the most racially segregated in the country. In today's economy, those problems have intensified.

Despite the long and troubled history of efforts to address this issue – which have included the creation and failure of several community-based organizations dedicated to developing and promoting affordable housing – positive developments have emerged in recent years. In 2006, both the City of Milwaukee and Milwaukee County created special funding sources to help finance affordable housing development. City and county leaders also have shown a willingness to work together to address this issue, creating a permanent advisory commission to coordinate efforts to develop affordable housing for those with special needs.

But are such efforts enough, and are they sustainable? Furthermore, are Milwaukee area elected officials and advocates asking the right questions when it comes to affordable housing needs and strategies, and are they pursuing policies that will provide the right answers?

In this report, commissioned by the Local Initiatives Support Corporation, the Public Policy Forum explores the affordable housing landscape in Milwaukee County, what it will take to create a sound and sustainable infrastructure to support the development of affordable housing in the county, and how existing publicly funded affordable housing programs might be coordinated more effectively. Among our key findings:

- **Milwaukee's affordability crisis is driven by low household incomes, not high rents.** When compared to other large counties in the United States, Milwaukee is not an expensive rental market. Its average household income, however, was 103rd lowest out of the country's 112 most populous counties at the time of the last Census. Median family incomes in Milwaukee County declined another 10.3% between 2002 and 2007, further exacerbating the housing cost burden among renters. Although not the focus of this study, any affordable housing strategy in Milwaukee would not be complete without a specific strategy to bolster low incomes.
- **Milwaukee's housing affordability crisis is most severe among *extremely* low income households—those households making less than 30% of the Area Median Income.** There are 47,200 extremely low-income households in Milwaukee County, but only 30,700 units that would be affordable to this rental cohort. Consequently, future comprehensive efforts to improve housing affordability in the Milwaukee area might best be aimed specifically at Milwaukee County's lowest income earners, as opposed to the general low-income population.

MacDonald, Terry

From: Cgmadden@aol.com
Sent: Monday, June 08, 2009 2:38 PM
To: MacDonald, Terry
Cc: rhenken@publicpolicyforum.org
Subject: Friday, 6/12 HTFAB Meeting

Hi Terry~ Rob Henken will be able to attend this Friday's meeting which I think will be quite helpful for addressing any questions that arise.

One minor thing I keep forgetting to tell you: The summary of the Public Policy Forum study that Leo sent you was written by the Forum, not Leo. He simply sent it to you and I keep forgetting to tell you that.

Thanks and I'll see you on Friday~ Cathie

A Good Credit Score is 700 or Above. See yours in just 2 easy steps!

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2. The second part of the document is a list of the names of the members of the committee.

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- **The vast majority of Milwaukee County’s low-income renters do not receive public rental subsidies.** In fact, public subsidy programs help less than one out of every three extremely low income and very low income renter households in Milwaukee County. This finding suggests either the need for new, local sources of funding aimed at providing additional rental subsidies to those who qualify, or more private investment into the production and rehabilitation of rental units that can meet the substantial private market demand at the lowest end of the county’s income scale without public subsidies.
- **The health of Milwaukee’s current private rental stock is failing.** More than 40% of renters in Milwaukee County are living in housing that is inadequate either because it is too expensive, too crowded or in fewer instances does not have adequate plumbing and kitchen facilities. Consequently, a strong rental unit rehab program likely should be a critical component of any comprehensive affordable housing strategy in Milwaukee.
- **Public efforts to address the housing needs of low-income residents in Milwaukee County are fragmented, and the multiplicity of public programs is confusing for both housing developers and investors, as well as for low-income renters.** This suggests the need for more unified governance in select programmatic areas to help increase service quality and impact.

In addition to these specific findings, the report broadly concludes that the funding needs for affordable housing production, rehabilitation and services is too large to be satisfied by public dollars alone, and that the lack of an integrated, supportive, and coordinated affordable housing strategy is hampering the region’s ability to attract more private investment. We recommend consideration of the following policy options to address these findings and conclusions:

1. **Convene a permanent intergovernmental planning committee** to identify the most immediate affordable housing needs, predict long-term needs, and establish and implement strategies for meeting those needs. This committee should build on the previous initiative by Milwaukee’s mayor and county executive to develop affordable housing for those with special needs, and should include individuals from government, non-profit community groups, financial institutions, business leaders, social service organizations, etc.
2. **Establish an infrastructure to coordinate private investment capital from local and non-local lending agencies, foundations and corporations.** The work of the planning committee must have a “home” in which policy goals are coordinated with the on-the-ground work of local Community Development Financial Institutions and Community Development Corporations. As in some other cities, a pool of “shared risk” private capital could be created, once this infrastructure is in place. The investment pool could finance rental construction or rehab projects that further the community-wide goals of the planning committee. In addition, technical assistance to build the real estate development acumen of area investor-owners and/or community development groups could be coordinated within this infrastructure.

3. **Milwaukee County should contract with the City of Milwaukee to administer the Section 8 program.** The Housing Authority of the City of Milwaukee (HACM) could manage the county's Section 8 program under a contractual agreement with the county. Rather than a full consolidation of the city's and county's Section 8 programs, which likely would have large upfront merger costs and face thorny political obstacles, this scenario offers the advantages of immediate better service for clients and optimal use of scarce federal dollars.
4. **Secure a stable public funding source for a consolidated city/county housing trust fund.** Consolidation of the city's and county's trust funds would make it easier to create a stable funding stream for housing by reducing redundancy among the existing funds and by ensuring that the dedicated funding source would be used in a coordinated manner to further the strategic goals of the planning committee. The report provides a number of potential options for dedicated funding.
5. **Create a local rental subsidy program.** Increasing access to rent subsidy programs could help the community gain traction on the income side of the housing gap. Local rent assistance programs are not uncommon, although not many provide ongoing assistance per the federal model, but provide one-time emergency assistance instead. Utilizing the consolidated housing trust fund as a funding source for a local rental subsidy program is one model that could be considered.

Addressing Milwaukee's affordable housing needs will require greater public sector coordination, greater private sector participation, and recognition of the need for an integrated strategy that addresses both the supply side of the equation (i.e. building or rehabilitating low-income units) and the demand side (providing additional rental assistance). Hopefully, the data collected and analyzed in this report, and its conclusions and recommendations, will encourage policymakers to revisit the affordable housing issue with increased urgency and a greater sense of collaboration and innovation.

INTRODUCTION

The housing industry in the United States has a considerable influence on the nation's economic health, as recent events have proved. Even before the current economic crisis, the importance of housing on the economy was difficult to understate. According to the Congressionally-appointed Millennial Housing Commission, "In 2000, investment in home building and remodeling accounted for about 4 percent of [the U.S.] Gross Domestic Product. Housing consumption, in the form of payments by renters and equivalent payments by homeowners, contributed nearly another 10 percent."¹

In addition, a recent analysis of the factors contributing to job growth in 242 metro areas in the United States found that housing availability is one of the most crucial. While more than a third (36%) of the variation in growth across cities can be attributed to the industry mix present in the economy of each city, the most significant additional factors were the availability of housing and the in-migration to the metro area. This analysis also found that the ability of a city to attract newcomers is inextricably linked to availability of housing, and together these factors were found to help explain 30% of the variance in job growth across the country.²

Thus, for those in the Milwaukee area interested in economic development, both in the short and long term, the extent to which our community is experiencing a housing affordability problem is necessary knowledge. And, for policymakers interested in pursuing solutions to the problem, an understanding of the current housing policies and programs in Milwaukee County is essential.

At the request of the Local Initiatives Support Corporation (LISC) and with its financial support, the Public Policy Forum has conducted an analysis of Milwaukee County's affordable housing landscape. Our analysis examines various data sources in order to define affordable housing within the context of Milwaukee County, measure the size of the market, and assess the size of the gap between the need and availability of affordable rental housing. We also investigate existing public programs that aim to meet the housing needs of low-income families in the county, and highlight some efforts of private developers and landlords at work in the local affordable housing market. Finally, we provide insights on models utilized in other metropolitan areas that have been successful in addressing various affordable housing challenges.

The housing bubble burst and subsequent foreclosure crisis have brought the need for affordable rental housing into sharp and immediate focus for many affected families locally. However, even before home prices crashed, the rental housing market in Milwaukee did not meet the needs of many households at low income levels. This report covers the Milwaukee County geographic area and analyzes rental housing units only. The data sets include varying years between 2000 and 2009. Therefore, our findings can be assumed to be conservative, as they do not encompass Milwaukee's post-bubble rental housing needs resulting from the dramatic increase in foreclosures, which added foreclosed homeowners to the rental market and placed renters living

¹ Millennial Housing Commission report, <http://govinfo.library.unt.edu/mhc/MHCRReport.pdf>

² Moscovitch, E., Recipe for growth: Analysis of 242 metro areas shows most common ingredients for job creation and why housing is key to Massachusetts' economic future, Jan. 2009. http://www.mhp.net/uploads/resources/study_recipe_for_growth.pdf

in foreclosed rental properties in jeopardy of losing their shelter. Nor does our analysis capture increased demand among the rising numbers of unemployed who are searching for less expensive housing options.

DATA AND METHODOLOGY

Data analyzed in this report came from many sources, including:

- US Census Bureau, Census data on population and housing (2000)
- US Census Bureau, American Community Survey (2007)
- US Census Bureau, Housing Vacancy Survey (2003-2007)
- US Department of Housing and Urban Development (HUD), Wisconsin office, Comparison Profile of Entitlement Cities/Counties (2008)
- HUD, Fair Market Rent Areas and Income Limits Documentation (2007)
- HUD, State of the Cities Data Systems, Comprehensive Affordable Housing Strategy Data (2000)
- HUD, Economic and Market Analysis Division, Special Tabulation of Census Data (2009)
- HUD, Homeless Reports and Housing Inventories (2007)
- US Department of the Treasury, Certified Community Development Institutions (2009)
- Wisconsin Housing and Economic Development Authority (WHEDA), Multifamily Occupancy Records (2007, 2008)
- WHEDA, Low-Income Housing Tax Credit data (2008)
- National Housing Trust Data Clearinghouse (2008)
- City of South Milwaukee
- City of West Allis Community Development Authority
- Housing Authority of the City of Milwaukee
- City of Milwaukee Department of City Development
- Milwaukee County Housing Division
- Advertised rental units on March 11, 2009 as listed with Affordable Rental Associates, LLC; Craigslist; Wisconsin Front Door Housing online data base; and the *Milwaukee Journal Sentinel*

In addition, formal interviews were conducted with housing professionals, experts, and activists across Southeastern Wisconsin, in Madison, and in Chicago. For a complete list of those interviewed, please see Appendix A.

In defining the market of affordable housing in Milwaukee County and measuring need, the Forum utilized common methods in housing research. For example, the definitions of income groups used throughout this report are as follows:

- Extremely Low Income = at or below 30% of area median income (AMI)
- Very Low Income = 30.1 to 50% of AMI
- Low Income = 50.1 to 80% of AMI

To measure affordability, we used the same method as most federal housing programs: calculating the percent of household income spent on housing (defined as rent plus utilities). The following categories are used in this report:

- Moderately burdened = spending 30% to 50% of income on housing
- Severely burdened = spending more than 50% of income on housing
- Not burdened = spending less than 30% of income on housing

SECTION I: MILWAUKEE'S AFFORDABLE HOUSING LANDSCAPE

The nation's housing landscape is in the midst of a major upheaval. After a sustained increase in homeownership rates and housing values in the United States, home prices have collapsed. Regardless of the cause of this historic collapse, the result has been a dramatic increase in home foreclosures, tightening lending standards, rising unemployment and the addition of more families to the rental market. Between 2006 and 2007, even before the upheaval began, the number of renter households in the Midwest increased by 226,000 families, while the number of homeowner households decreased by 140,000.³ In Milwaukee, the rather dramatic turnover from ownership to rental has hit low-income neighborhoods particularly hard.⁴

However difficult the current situation may be, it is worthwhile to take a step back and view Milwaukee's housing market beyond the impact of the recent housing crisis. Without losing sight of these historic times, the ability to take the "long view" allows one to see that there is a systemic imbalance in Milwaukee's affordable housing market. Regardless of the extent to which the housing crisis may alter Milwaukee's housing landscape, the structural imbalance between supply and demand in the Milwaukee market will remain. This market imbalance will be detailed in this section.

MILWAUKEE'S RENTAL HOUSING MARKET: A COMPARISON WITH OTHER MARKETS

When compared to other large counties in the United States, Milwaukee is not an expensive rental market. Table 1 shows that Milwaukee County is the 92nd most expensive rental market out of the 112 largest counties in the United States. Milwaukee's comparatively modest rents indicate that its affordable housing challenges have at least as much to do with low household incomes as it does with high rental rates.

The majority of Milwaukee's peer Midwestern counties offer similarly low average rental rates. Such low rates can be attributed to the fact that most large Midwestern cities are "weak market" economies that are plagued by poor demographics and weak economic fundamentals.⁵ Not surprisingly, Cook (Chicago) and Hennepin (Minneapolis) counties buck this trend with rates that are significantly higher than their Midwest peers.

³ US Census Bureau, Housing Vacancy Survey data

⁴ UW-Milwaukee Employment and Training Institute, Update on the housing crisis in Zip Code 53206 <http://www4.uwm.edu/eti/2007/53206Update.pdf>

⁵ The Brookings Institution Metropolitan Policy Program, "Revitalizing Weak Market Cities in the U.S.," Presentation by Bruce Katz to the Council on Foundations, May 8th, 2006. Accessed at http://www.brookings.edu/metro/speeches/20060508_WeakMarketCities.pdf

Table 1: Average gross monthly rent of rental units (all units), counties with population over 500,000 (year 2000)

	County	Market	Rent	Rank
Most	San Mateo County	San Francisco	\$1,236	1
Midwest Peers ↓	Cook County	Chicago	\$697	54
	Hennepin County	Minneapolis - St. Paul	\$683	58
	St. Louis County	St. Louis	\$646	76
	Marion County	Indianapolis	\$588	90
	Milwaukee County	MILWAUKEE	\$579	92
	Cuyahoga County	Cleveland	\$567	95
	Jackson County	Kansas City	\$564	96
	Wayne County	Detroit	\$551	100
	Allegheny County	Pittsburgh	\$544	102
	Hamilton County	Cincinnati	\$539	104
Least	Hidalgo County	McAllen	\$428	112

Source: U.S. Census 2000 data

Ranking the same 112 counties, **Table 2** shows that Milwaukee County is 103rd in average household income. Among peer Midwestern counties, Milwaukee is last with an average household income of \$48,868. Milwaukee County's low ranking on this measure in comparison with the rest of the nation, and especially in comparison with the rest of the Midwest, is further evidence that any affordability crisis in Milwaukee County is as much about low incomes as it is about high rents.

Table 2: Average annual household income (all households), counties with population over 500,000 (year 2000)

	County	Market	Income	Rank
Most	Fairfield County	Bridgeport, CT	\$103,255	1
Midwest Peers ↓	Hennepin County	Minneapolis - St. Paul	\$69,580	32
	St. Louis County	St. Louis	\$68,436	37
	Cook County	Chicago	\$62,488	49
	Hamilton County	Cincinnati	\$57,933	63
	Cuyahoga County	Cleveland	\$53,657	84
	Wayne County	Detroit	\$53,154	86
	Allegheny County	Pittsburgh	\$52,734	90
	Marion County	Indianapolis	\$52,505	91
	Jackson County	Kansas City	\$50,544	99
	Milwaukee County	MILWAUKEE	\$48,868	103
Least	Hidalgo County	McAllen, TX	\$35,591	112

Source: U.S. Census 2000 data

Table 1 and **Table 2** detail the two inputs that define "housing affordability" – rental rates and incomes. The most common method for computing housing affordability is to display rent as a percentage of income.⁶ Renters paying 30% or more of their income for housing are considered

⁶ The UW-Milwaukee Employment and Training Institute recently employed this measure. They found that at the peak of the housing bubble in 2006, the City of Milwaukee had the second highest percentage of renters with

to have a “housing burden.”⁷ Renters paying 50% or more of their income for housing are considered to have a “severe housing burden.” Both are conventional standards used by researchers and government agencies to measure housing affordability.

Table 3 shows that 18.1% of renter households in Milwaukee County in 2000 can be classified as having a “severe housing burden.” Of the 112 largest counties in the United States, Milwaukee County ranked 43rd highest in the percentage of households that are severely burdened. Of Milwaukee’s ten Midwestern peers, Milwaukee County ranked fourth highest in the percent of renter households paying 50% or more of their income for rent. In short, Milwaukee County’s extremely low average household incomes clearly have a negative impact on rental affordability.

Table 3: Percent of renter households paying 50% or more of their income for housing (year 2000)

	County	Market	% w. severe hsg. Burden	Rank
Most	Bronx County	New York	25.5%	1
Midwest Peers ↓	Wayne County	Detroit	19.6%	27
	Cuyahoga County	Cleveland	19.1%	35
	Cook County	Chicago	18.8%	39
	Milwaukee County	MILWAUKEE	18.1%	43
	Allegheny County	Pittsburgh	18.1%	44
	Hamilton County	Cincinnati	17.5%	55
	Jackson County	Kansas City	16.6%	70
	Hennepin County	Minneapolis - St. Paul	16.1%	77
	Marion County	Indianapolis	16.1%	78
	St. Louis County	St. Louis	15.7%	84
Least	Fairfax County, VA		11.6%	112

Source: Census 2000 data

Table 4 updates **Table 3** using data from the 2007 American Community Survey (ACS).⁸ **Table 4** shows that in 2007, every large Midwest county tracked in this analysis witnessed an increase in the percentage of renters that had a severe housing burden. That includes Milwaukee County, where 26.3% of renters had a severe rent burden in 2007. Milwaukee County renters moved up from the fourth most rent burdened in 2000 to the third most burdened in 2007 amongst their Midwest peers.

unaffordable housing compared to their incomes among peer Midwestern cities.

<http://www4.uwm.edu/eti/2007/HMDACensusUpdate.pdf>

⁷ Housing expenses are defined as rent plus utilities and do not include costs for phone, cable or satellite TV, or internet.

⁸ Some caution should be exercised when comparing Table 4 figures which were produced using ACS data, and Table 3 figures which were produced using Census 2000 data.

Table 4: Percent of renter households paying 50% or more of their income for housing (2007)

	County	Market	% w/ severe hsg. burden
Midwest Peers 	Wayne County	Detroit	31.6%
	Cook County	Chicago	26.6%
	Hamilton County	Cincinnati	26.5%
	Milwaukee County	MILWAUKEE	26.3%
	Cuyahoga County	Cleveland	26.0%
	Jackson County	Kansas City	24.6%
	Allegheny County	Pittsburgh	23.4%
	Hennepin County	Minneapolis - St. Paul	23.3%
	St. Louis County	St. Louis	23.3%
	Marion County	Indianapolis	22.3%

Source: 2007 American Community Survey

The rather dramatic increase in severe housing cost burden appears to be primarily driven by falling incomes. National-level data compiled by the Joint Center for Housing shows that monthly income among renters fell 6.8% between 2000 and 2007. During this same period, gross rent (defined as rent plus fuel and utilities) increased 7%.⁹ Although this is national-level data, there is every indication that this national trend holds for the Milwaukee market, as Milwaukee County has experienced a more sizable decrease in median family incomes: 10.3% between 2002 and 2007.¹⁰

In summary, the comparative data highlighted in **Tables 1-4** are helpful because they paint a picture of Milwaukee's affordable housing landscape as a market that is unique in its combination of modest rents and extremely low household incomes. Extremely low average household incomes appear to be the primary driver behind Milwaukee's relatively high ranking in severe housing cost burden. Making matters worse, incomes have declined between 2000 and 2007, further exacerbating the housing cost burden among renters.

Who exactly are these extremely low income households? How big is the affordability problem and for whom? How many households are currently being aided by public subsidy? Are there any yawning gaps in coverage? To answer these questions, the remainder of this section provides a more in-depth analysis of Milwaukee's affordable housing landscape.

⁹ "America's Rental Housing: The Key to a Balanced National Policy," Table A-2, The Joint Center for Housing Studies, Harvard University. Accessed at www.jchs.harvard.edu/publications/rental/rh08_americas_rental_housing/index.html

¹⁰ American Community Survey data from 2002 and 2007.

AN ANALYSIS OF SUPPLY AND DEMAND IN MILWAUKEE'S LOW-INCOME RENTAL MARKET

Most cities need to work to improve the affordability of quality housing units across a wide range of incomes. However, as discussed above, each city is unique in the specific affordability challenges it faces. The housing issues in San Francisco, for example, are far different from the challenges faced in Milwaukee.

Milwaukee's challenges need to be viewed in the context of the specific gap that currently exists between housing supply and housing demand. This is commonly called a "mismatch analysis." A mismatch analysis looks at both the need and availability of affordable housing across a range of income levels and determines if deficits or excesses exist in the availability of housing units at each level.

Our analysis uses standards defined by the federal Department of Housing and Urban Development (HUD) to categorize income levels. To determine eligibility for various housing assistance programs, HUD sets income guidelines for each metropolitan area in the United States based on a region's Area Median Income (AMI).¹¹ Table 5 displays the Milwaukee region's 2008 HUD income guidelines, which are based on a median income of \$67,700 for a household of four people.¹² Chart 1 provides the number of households in the Milwaukee region within each income range.

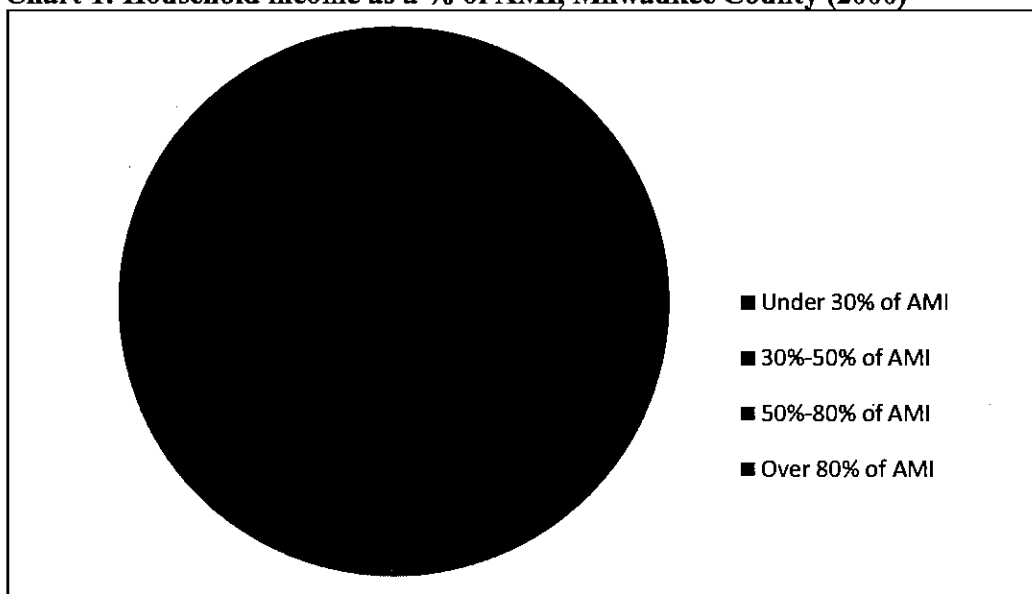
Table 5: HUD income guidelines for a four-person household in the Milwaukee region (2008)

Criteria	Category	Income range	Examples of eligibility
Under 30% AMI	Extremely Low Income	Below \$20,300	Public Housing and Section 8 HUD rental programs typically serve households under 30% AMI
30% to 50% AMI	Very Low Income	\$20,300 to \$33,850	Maximum eligibility for most HUD rental programs (LIHTC is 60% of AMI)
50% to 80% AMI	Low Income	\$33,850 to \$54,150	Maximum eligibility for most CDBG and HOME programs
Over 80% AMI	Moderate income and above	\$54,150 and above	Typically not eligible for HUD programs

¹¹ AMI is interchangeable with MFI (Median Family Income) and CMI (County Median Income)

¹² The Milwaukee region is comprised of Milwaukee, Ozaukee, Washington and Waukesha counties.

Chart 1: Household income as a % of AMI, Milwaukee County (2000)



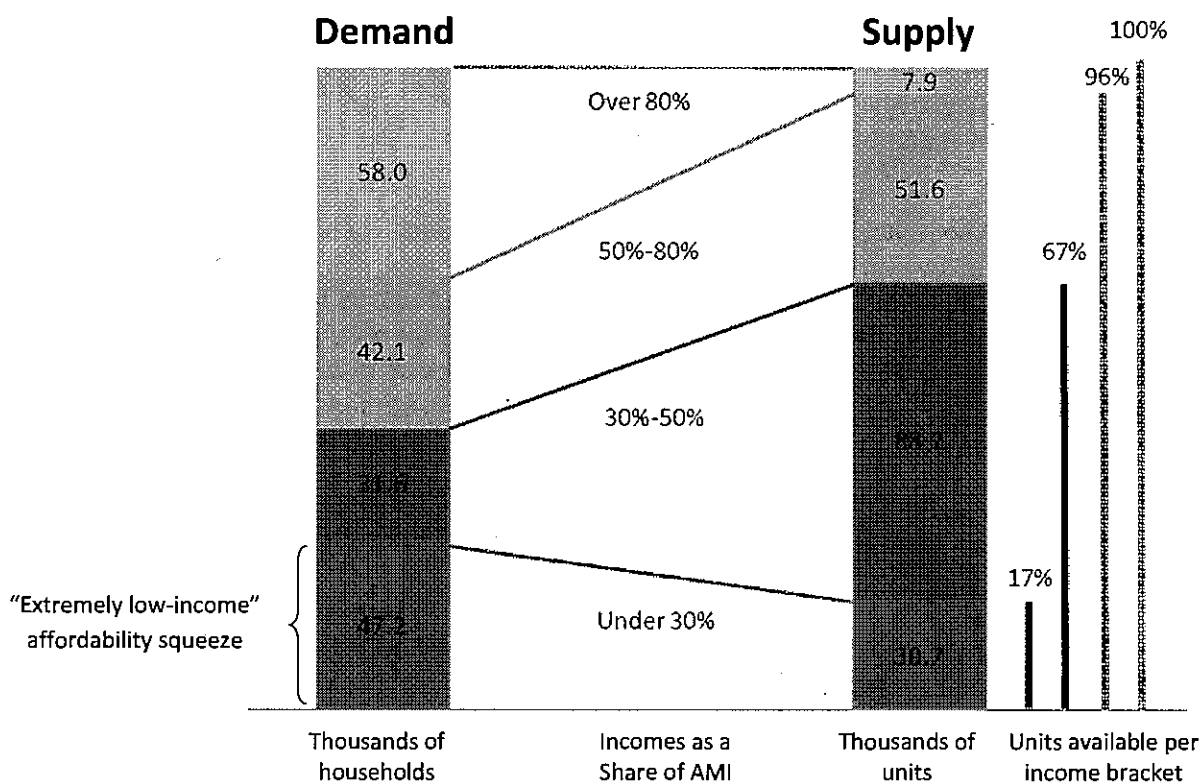
Source: *State of the Cities Data Systems: Comprehensive Housing Affordability Strategy (CHAS) Data*

Chart 2 is a comparison of Milwaukee County renter households by income level (those in demand of affordable housing) and the stock of units they could afford (the affordable housing supply). The chart clearly shows a “mismatch” in the extremely low income category: demand of more than 47,000 households vs. supply of about 31,000 rental units. Because the 47,200 extremely low income households cannot squeeze into the 30,700 apartment units, this mismatch is also called an “affordability squeeze.” The result is a critical shortage of 16,500 units for extremely low income renter households.

The squeeze is made worse by the fact that households of higher incomes often “rent down” by renting units that could be affordable to lower income households, further tightening the lower end of the market. The vertical bars on the far right side of **Chart 2** measure the potential for renting down. For example, those earning less than 30% of AMI can only afford 17% of all units in the market, yet those earning between 30% and 50% of AMI can afford 67% of all units in Milwaukee County. It should be noted that those making 80% and over can choose from 100% of the rental units in Milwaukee County and in theory also can more easily afford the purchase of a home.¹³ The bottom line in this analysis should not be a surprise to anyone: more income, more choice.

¹³ Homeownership figures are not included in this chart.

Chart 2: A comparison of rental housing supply and demand by income group in Milwaukee County (2000)



Source: State of the Cities Data Systems: CHAS Data

The housing market is a free market where higher income households have the ability to outbid lower income households for cheaper rental units in an effort to reduce their housing expenses. Further enabling this trend are landlords who typically are more inclined to rent to higher income households as a way to protect themselves against potential loss.

Table 6 shows that of all rental units in Milwaukee County that are affordable to extremely low income renters, 48% are rented by households that are renting down. Particularly susceptible to being squeezed out are families in need of larger 3+ bedroom units in the lowest affordability bracket, where 62% of units are occupied by households that could afford more expensive arrangements. Although renting down negatively impacted households in each affordability bracket, those classified as extremely low income are most impacted because of the fact that they can only afford 17% of units (**Chart 2**). In summary, the renting down phenomenon appears to play a critical role in ongoing shortages of affordable units for extremely low income households in Milwaukee County.

Table 6: Percentage of Milwaukee County rental units occupied by households with higher incomes than necessary, by affordability and unit size (2000)

	% of occupants with higher incomes than necessary			
	0-1 bedrooms	2 bedrooms	3+ bedrooms	Total
Units affordable to those making under 30% AMI	33%	57%	62%	48%
Units affordable to those making between 30% and 50% AMI	50%	58%	53%	54%
Units affordable to those making between 50% and 80% AMI	41%	53%	50%	48%

Source: State of the Cities Data Systems: CHAS Data

Despite the tendency of households to rent down and the critical shortage of affordable apartments for extremely low-income households, vacancy rates for units that are affordable to those making less than 30% AMI are high. **Table 7** shows a vacancy rate of 10.3% for units affordable to extremely low income renters, but a 2.6% vacancy rate for units available to low-income renters making between 50% and 80% of the AMI. This appears to contradict earlier findings that indicated an affordability squeeze on extremely low income households. How can there simultaneously be a high vacancy rate *and* a lack of affordable units at the lowest end of the affordability scale?

Plausible explanations for the high vacancy rate within Milwaukee’s least expensive rental stock include the following:

- Units are of such poor quality or are in such undesirable neighborhoods that they are unrentable or unattractive to prospective renters.
- Landlords purposely are not renting out units to avoid maintenance costs, higher income taxes, and a perceived lack of qualified tenants.
- The building would not bring in enough rental income to justify the investment needed to bring the units into code compliance.

In the end, the high vacancy rate within Milwaukee’s cheapest rental stock likely means that many of the county’s poorest households are pushed into more expensive units where they either must “double up” with another family or choose to live alone and risk becoming rent burdened.

Table 7 also shows a 3.3% vacancy rate for units that are affordable to extremely low income renters in Milwaukee County’s suburban communities. Rental vacancy rates registering under 5% generally are considered to be low, reflecting a tight supply of rental units. The tight supply of suburban units at the lowest end of the affordability spectrum may indicate strong demand from families who are seeking better quality units and/or more attractive neighborhoods perceived as being safer, with better access to healthier job markets and better schools. This also could demonstrate a need to increase affordable housing opportunities in Milwaukee’s suburban communities.

The data in **Table 7** also reveal a 2.6% vacancy rate for units in the City of Milwaukee affordable to those making between 50% and 80% of AMI. In recent years, the lack of supply within this specific affordability range appears to have stimulated the development of a significant number of multifamily projects financed with Low-Income Housing Tax Credits.

Table 7: Milwaukee County rental vacancy rates in city and suburbs, by affordability (2000)

	Total # of rental units	Occupied units	Vacant units	Vacancy rate
City of Milwaukee				
Units affordable to those making under 30% AMI	27,900	25,020	2,880	10.3%
Units affordable to those making between 30% and 50% AMI	74,670	70,250	4,420	5.9%
Units affordable to those making between 50% and 80% AMI	28,295	27,550	745	2.6%
Milwaukee county suburban communities				
Units affordable to those making under 30% AMI	5,920	5,725	195	3.3%
Units affordable to those making between 30% and 50% AMI	19,505	18,425	1,080	5.5%
Units affordable to those making between 50% and 80% AMI	25,310	24,060	1,250	4.9%

Source: State of the Cities Data Systems: CHAS Data

The affordability squeeze (Table 5), the renting down phenomenon (Table 6), and the high vacancy rates (Table 7) all work in tandem to push extremely low income renters into poor quality, crowded or more expensive units that are outside of their affordability range. In addition, it is important to note that a portion of Milwaukee County households are pushed out of housing altogether. In fact, 1,644 adults and children are homeless in Milwaukee County, as documented by the Milwaukee Continuum of Care’s “Point in Time Survey” conducted on January 28, 2009. The preliminary data show an almost 12% increase in our community’s homeless population since the 2007 count was conducted.¹⁴

The result of the affordability squeeze is a much higher housing burden for Milwaukee’s lowest income cohort. Deploying the conventional HUD affordability standards described previously, Table 8 shows that three of every four extremely low income renter households are considered housing burdened (devoting more than 30% of their income to rent). For this same income cohort, 56.6% of households are considered severely housing burdened (devoting more than 50% of their income to rent).

Not surprisingly, the percentage of renter households devoting more than 30% of their income to rent drops considerably among higher incomes households. These low- and moderate-income households clearly benefit from having more options (Chart 2) and the ability to rent cheaper units (Table 6):

Table 8: Housing burden among Milwaukee County renters, by income category (2000)

Renters	Number	Share	% cost burden >30%	% cost burden >50%
Extremely low income	47,220	26%	75.9%	56.6%
Very low income	31,594	18%	59.3%	12.3%
Low income	43,143	24%	18.3%	2.0%
Moderate income	57,955	32%	2.2%	0.3%
All	178,912	100%	35.4%	17.7%

Source: State of the Cities Data Systems: CHAS Data

¹⁴ Homeless persons are defined as individuals or families living in emergency shelters, transitional housing, or on the street or places uninhabitable by people. The survey did not capture households living with family or friends or doubling up to avoid living on the street.

Closer analysis provides a snapshot of the groups most likely to be among the extreme poor. Both whites (40.6%) and blacks (45.1%) make up substantial portions of Milwaukee County's extremely low income population. When viewed across the income spectrum by ethnicity, blacks are more likely to be extremely low income at 41% when compared to Hispanics (32%) and whites (18%). Families make up a sizeable portion of the community's very poor at 42.9%, with elderly households and other households (individuals and households of unrelated individuals) contributing 23% and 34% respectively. Hispanic and blacks are more likely to experience extreme poverty as a family at 65.3% and 61.6% than whites (16.5%). Households that face mobility challenges also make up a significant portion (28.1%) of Milwaukee's extremely low income population.

Despite the troublesome rental market conditions depicted thus far, extremely low income households are not without help. Numerous federal programs assist income-qualified renters to find and afford rental units in Milwaukee County. **Table 9** lists current major federal programs that provide subsidized rental units in Milwaukee County.¹⁵

Of the 30,811 total units of federally-subsidized housing in Milwaukee County, only 14% are located in buildings owned by the government—what is typically referred to as public housing. The majority of units, or 60% of federally-subsidized units in Milwaukee County, are located in privately-owned buildings that offer subsidized rents to income-qualified households (called project-based assistance). The remaining 26% of federally-subsidized units in Milwaukee County are in the form of Section 8 vouchers, which are not attached to any given housing project, but travel with the household (also known as tenant-based assistance). These vouchers can be used to receive subsidized rents at units qualified to receive Section 8 renters located throughout the United States. Regardless of program particulars, the end result of these programs is the same: low-income households paying lower rents due to federal government subsidies.

¹⁵ The federal assistance rental units listed in Table 9 may also serve renters in higher income categories. Therefore, this table overestimates the impact that such units could potentially have on assisting extremely low income households.

Table 9: Stock of federally assisted rental units in Milwaukee County (2008)¹⁶

Program	Unit ownership	Type of Assistance	Units in Milwaukee county		
			City	Suburbs	Total
Public Housing	Public	Project-based	4,300	60	4,360
Section 8 New Construction	Private	Project-based	7,166	2,964	10,130
Section 8 Vouchers	Private	Tenant-based	5,616	2,471	8,087
Section 42 Low-Income Housing Tax Credits	Private	Project-based	3,726	2,383	6,109
Section 202 Supportive Housing for the Elderly	Private	Project-based	980	1,145	2,125
Total			21,788	9,023	30,811

Source: Public Policy Forum

The level of federal rental assistance in Milwaukee County is not enough to meet demand, especially among the lowest income category. Even if all 30,811 subsidized units depicted in **Table 9** were rented solely by extremely low-income households, the needs of just 65 % of the 47,220 extremely low income households depicted in **Chart 2** would be met. As it is, more than 56 % of the county's low-income population remains severely burdened by housing costs (**Table 8**).

What level of federal subsidies would be necessary to meet the need for affordable rental housing in Milwaukee County? To determine the gap, we first estimate the demand for federal aid by calculating the number of county households with annual incomes below 50% of AMI (households that make under \$33,850 per HUD guidelines detailed in **Table 5**). We then match the estimated demand against the total supply of federally subsidized rental units in Milwaukee County (**Table 9**).

The results, displayed in **Chart 3**, show a total of 166,031 renter households in Milwaukee County in 2007, 63% of which earned annual incomes below the \$35,000 threshold.¹⁷ Of the estimated 104,185 households that therefore would qualify for federal rental assistance, only 30% currently benefit from such assistance. That means that two out of every three very low income and extremely low income renter households in Milwaukee County must turn to the private market without government-provided rental assistance. In other words, the amount of

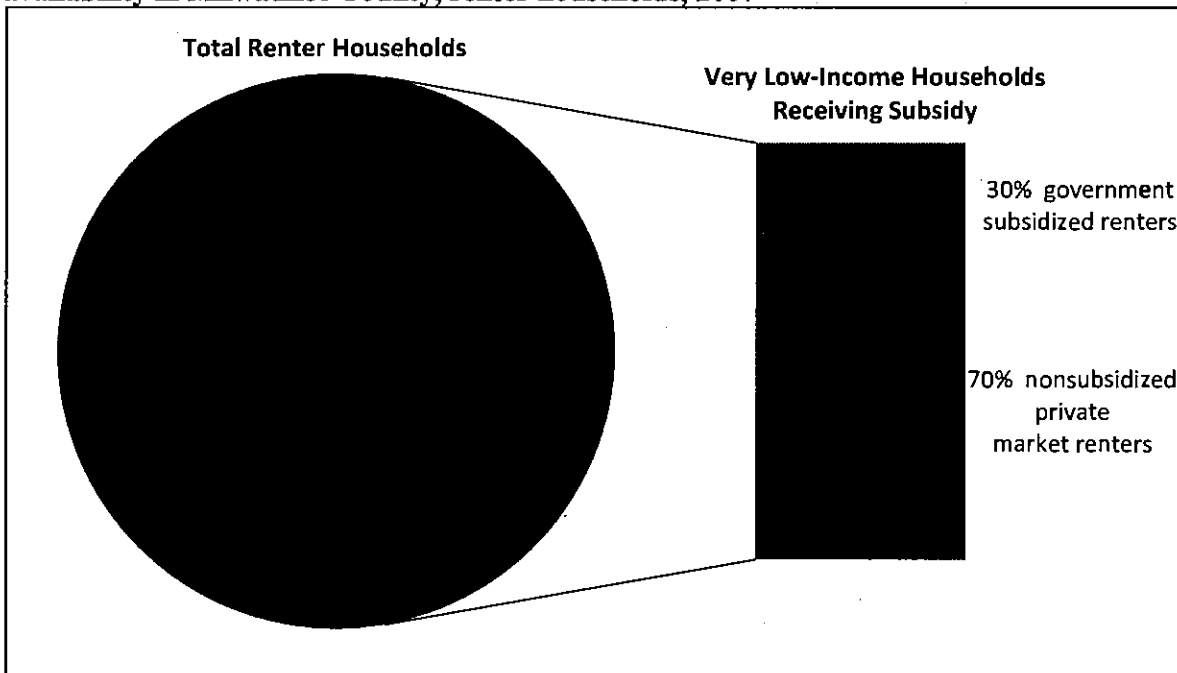
¹⁶ Table 9 does not include HOME funded rental properties due to issues with data tracking. Review of HUD snapshot reports of HOME activity (available at <http://www.hud.gov/offices/cpd/affordablehousing/programs/home/snapshot/index.cfm?st=wi>) show the city obligating HOME funds to 2,367 rental units and the county consortium to 194 rental units since 1992. However, it is difficult to determine how many of these units continue to serve low-income households. HOME funds require that units remain affordable for a set period, but the period varies by property from 5 to 20 years based on the percentage of project funding provided by HOME. Further complicating an accurate count is the tracking of units requiring fund repayment or recapture.

¹⁷ The HUD threshold for very low income households in Milwaukee County is \$33,850. In **Chart 3**, a threshold of \$35,000 was used because data was only available by increments of \$5,000. In this case, the \$33,850 HUD threshold was rounded up to conform to data restrictions.

federal rental assistance would have to triple in size to assist every Milwaukee County household that qualifies for assistance.

The federal housing assistance shortfall depicted in **Chart 3** is not unique to Milwaukee and is very much in line with national averages. A 2008 report from the National Multi Housing Council finds that only one quarter of eligible renter households receive housing subsidies.¹⁸ This finding is further corroborated by the non-partisan Brookings Institution, which finds that "no more than one-quarter of renter households with federally-defined worst-case needs (very low-income households spending more than half of their income on rent or living in severely inadequate or crowded conditions) receives a subsidy."¹⁹ The data for Milwaukee County echo that of the rest of the nation: a majority of eligible low-income renters do not receive any form of federal housing aid.

Chart 3: Affordable housing demand and the availability of federal rental subsidies availability in Milwaukee County, renter households, 2007



Source: Household and income data from American Community Survey. Number of subsidized renters from Table 9 (various sources)

¹⁸ National Multi Housing Council, "2008 State of Nation's Housing," accessed from <http://www.nmhc.org/Content/ServeContent.cfm?ContentItemID=4804>

¹⁹ "Revisiting Rental Housing: Policies, Programs, and Priorities" by Nicolas P. Retsinas & Eric S. Belsky, editors; Joint Center for Housing Studies; Brookings Institute Press, 2008, p. 15.

One result of the excess demand depicted in **Chart 3** is long waiting lists for federal rental assistance. **Table 10** shows that the current waiting lists for public housing in Milwaukee County exceed 2,000 names. **Table 11** shows that the current waiting lists for Section 8 rental vouchers in Milwaukee County exceed 10,000 names. By this measure, we see that demand for public rental assistance in Milwaukee County currently outweighs federal funding for such assistance.

Table 10: Waiting list status for public housing units located in Milwaukee County (2008)

	Unit type	# of units	Wait list	Wait list status
South Milwaukee CDA	Family	52	23	Closed October 2008, 4 bdrm. list is open
South Milwaukee CDA	Elderly, disabled and singles	8	10	Closed October 2009
Housing Authority City of Milwaukee	Family	2,300	500	Opened November 2008. To close May 30, 2009
Housing Authority City of Milwaukee	Elderly, disabled and singles	2,000	1,500	Always open
TOTAL		4,360	2,033	

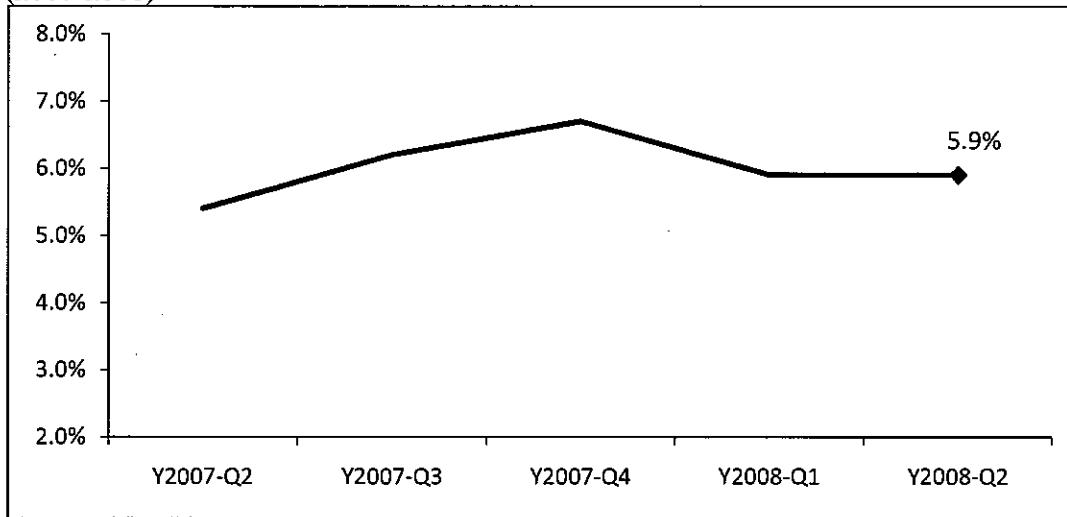
Table 11: Waiting list status for Section 8 vouchers in Milwaukee County (2008)

	# of vouchers	Wait list	Wait list status
Housing Authority City of Milwaukee	5,616	3,500	Closed 2006 until 2010
Milwaukee County Housing Division	2,014	5,923	Closed 2001
West Allis Housing Authority	457	900	Closed 2005
TOTAL	8,087	10,323	

It is highly likely that the wait list figures in **Table 10** and **Table 11** are understated, reflecting only a portion of those seeking placement on the waiting list. For example, the City of West Allis opened its Section 8 voucher waiting list in 2005 for the first time in six years. In the two days the list was open, 5,000 applications were received by the city. Of those applicants, 1,500 families were chosen in a random drawing to be placed on the city's Section 8 waiting list. Three years later, 900 of these families remain on that waiting list.

Aside from long waiting lists for Public Housing and Section 8 Vouchers, qualified low-income renters in Milwaukee County also face a relatively tight rental market for project-based assistance such as Tax Credit and HUD Section 8 project-based units. **Chart 4** shows the rental vacancy rate for Tax Credit and HUD contract units in Milwaukee County is just under 6% and remained relatively flat between the middle of 2007 and mid-year 2008. This segment of Milwaukee's subsidized apartment market appears to be bumping up against full capacity, with vacancy rates projected to drop in the near future as former homeowners turn to renting in the wake of the nation's foreclosure crisis. The story is much the same throughout the region, with Waukesha, Washington and Ozaukee counties all reporting rental vacancy rates under 5% for all Tax Credit and HUD contract units in the most recent quarter.

Chart 4: Vacancy rate for government-financed apartments in Milwaukee County (2007-2008)



Source: WHEDA

Chart 3 demonstrated that the vast majority of renters do not receive direct rental subsidies and must rent in the non-government subsidized private market. However, the private market housing stock (both rental and owner-occupied housing) is relatively old, is overcrowded in some neighborhoods and has a large percentage of absentee landlords. **Table 12** shows the health of housing units in the City and County of Milwaukee based on four common measures: age, overcrowding, landlord absenteeism and vacancy. Not surprisingly, the city's housing stock fares poorly when compared to the county as a whole. In particular, housing units showing signs of decay are highly concentrated in inner city zip codes on the city's near north and near south sides.

Table 12: The health of Milwaukee's private housing stock (2000)

	Measure	Zip Code*	City	County
Age	Percentage of units built prior to 1950	73.2% (53204)	46.7%	40.9%
Overcrowding	Percentage of housing units with more than 1 occupant per room	20.4% (53204)	5.9%	4.2%
Absenteeism²⁰	Percentage of owner-occupied units	3.2% (53233)	45.3%	52.6%
Vacancy	Percentage of vacant rental units	11.2% (53205)	6.2%	5.9%

Source: 2000 Decennial Census

*Data for this column reflects the most negatively impacted city zip code

²⁰ Generally, high rates of absenteeism or lack of owner-occupied units is viewed as an indicator of declining neighborhood health, but low rates of owner-occupied units also may be interpreted as an indication of rental stock concentration rather than rental stock quality. In this case, the abundance of rental units in the 53202 zip code is skewed by the location of Marquette University and surrounding demand for student rental housing.

Table 13 shows that poor housing conditions detailed in the prior chart clearly are an issue for a large percentage of low-income Milwaukee County renters, with 40.5% of all renters in Milwaukee County renting with one or more of the following negative conditions:

- Lack of complete plumbing facilities
- Lack of complete kitchen facilities
- More than one occupant per room
- Gross rent greater than 30% of household income (1999)

Table 13: Percentage of Milwaukee County renters with negative renting conditions (2000)

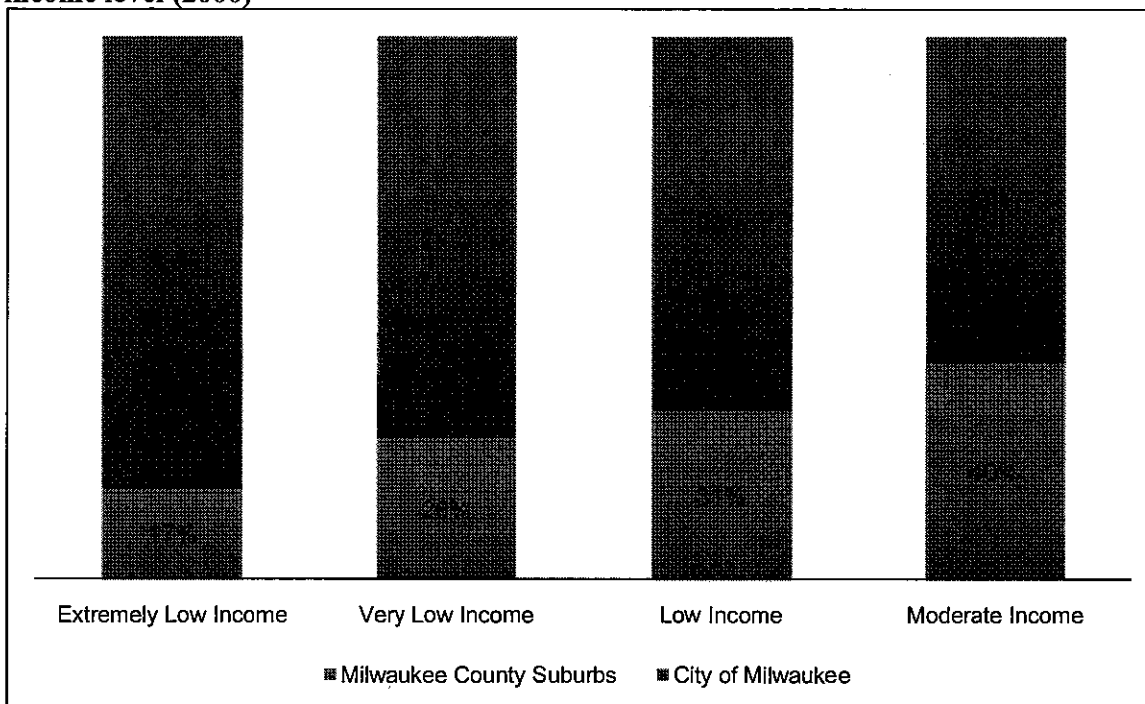
	City	Suburbs	County total
All renters	126,937	52,008	178,945
Renters "with conditions"	55,237	17,220	72,457
Percentage of renters "with conditions"	43.5%	33.1%	40.5%

Source: HUD's EMAD special Tabulations database on HUDUSER.org, using 2000 U.S. Census Data

Regionally, low-income households in the area's private rental market are not only limited in *what* they can rent, but also are limited by *where* they can rent. Renter location decisions are affected by a mix of factors, including income level, personal choice and racial considerations. In terms of income level, outside of a small pocket of low-priced rental properties in the City of Waukesha, the region's lowest-priced rental properties are heavily concentrated in the near-south and near-north side neighborhoods in the City of Milwaukee. In fact, of the 50 census tracts with the lowest average rents in Milwaukee County, only one tract was located outside the City of Milwaukee—tract 1804 in the City of Cudahy.²¹ Due to the extremely concentrated nature of low-priced apartments within the Milwaukee region, income level is a likely determinate of where households locate (**Chart 5**).

²¹ This ranking was made with Summary File 3 sample data from the U.S. Census Bureau's Decennial Census.

Chart 5: Proportion of Milwaukee County renters located in the city vs. the suburbs, by income level (2000)



Source: CHAS data

Although not the focus of this report, it is important to acknowledge the impact of the current housing and economic crisis on Milwaukee’s rental market. **Table 14** shows that one in ten residential mortgages have been foreclosed upon in the City of Milwaukee in just the 18 months leading up to **June 2008**. It is projected that the dramatic recent increase in foreclosure activity will add a significant number of new renters to the Milwaukee housing market and further tighten the affordability squeeze on extremely low income renters. This trend is recognized by the City of Milwaukee in its recent Neighborhood Stabilization Plan submitted to the federal government. The city states that “the foreclosure crisis is resulting in a loss of affordable rental housing in city neighborhoods” and that “over the past 24 months, evictions are up significantly and an increasing numbers of evictions are foreclosure related.”²²

Table 14: Milwaukee county residential mortgage foreclosure rates as of June 2008

	City	Suburbs	County total
Number of mortgages	118,905	85,803	204,708
Foreclosed in last 18 months	11,753	3,296	15,049
Foreclosure rate	9.9%	3.8%	7.4%

Source: HUD Neighborhood Stabilization Program Data, Mortgage Bankers Association National Delinquency Survey

²² The City of Milwaukee’s Proposed Neighborhood Stabilization Program Substantial Amendment accessed from http://www.city.milwaukee.gov/ImageLibrary/User/jsteve/NSP_PROPOSED.pdf

SUMMARY OF KEY FINDINGS

The preceding analysis and discussion indicates that Milwaukee suffers from an affordable housing supply and demand mismatch. The supply of units affordable to Milwaukee's lowest income households is not enough to meet demand. While some of these households are being aided by public subsidy, most are not.

This analysis reveals the following key findings:

Key finding #1 – Milwaukee's affordability crisis is driven by low household incomes, not high rents.

Milwaukee's affordability crisis is related to extremely low average household incomes. In 2000, Milwaukee County had the 103rd lowest average household income out of the country's 112 most populous counties. Making matters worse, median family incomes in Milwaukee County declined 10.3% between 2002 and 2007, further exacerbating the housing cost burden among renters.

Implication: Although not the focus of this study, any affordable housing strategy in Milwaukee would not be complete without a specific strategy to bolster low incomes. Economic and workforce development efforts as well as increased utilization of federal and state Earned Income Tax Credits should be considered when debating affordable housing policy.

Key finding #2 – Milwaukee's housing affordability crisis is most severe among extremely low income households—those households making less than 30% of the Area Median Income.

There are 47,200 extremely low income households in Milwaukee County, but only 30,700 units that would be affordable to this rental cohort. Unfortunately for these households, half of those units are rented by wealthier households that choose to rent down and lease cheaper apartments than they can actually afford. The end result is a severe affordability squeeze for Milwaukee's poorest and most vulnerable households.

Implication: Aiming future comprehensive efforts to improve housing affordability in the Milwaukee area at the needs of Milwaukee County's lowest income earners would be the most impactful policy. Targeting public and private resources to those households making less than \$20,000 per year could prove most effective in addressing living conditions.

Key finding #3 – The vast majority of Milwaukee County's low-income renters do not receive public rental subsidies.

Public subsidy programs help less than one out of every three extremely low income and very low income renter households in Milwaukee County. The vast majority of households in Milwaukee County are renting in the private market without any direct government housing assistance.

Implication: The shortfall in federal government rental subsidies is so pronounced that reorganization or incremental increases in funding for these programs will not be enough to provide a sufficient number of affordable housing units for Milwaukee's neediest households. More private investment in the production and rehabilitation of quality rental units is needed to meet the substantial private market demand at the lowest end of the county's income scale.

Key finding #4 – The health of Milwaukee's current private rental stock is failing.

Rental units in Milwaukee are comparatively old, have some overcrowding issues and, as a result, have a high percentage of vacant units at the very low end. More than 40% of renters in Milwaukee County are living in housing that is inadequate either because it is too expensive, too crowded or does not have adequate plumbing and kitchen facilities.

Implication: More investment in the rehabilitation of privately-owned duplex and multifamily rental units affordable to those families at the lowest end of the income spectrum is needed. The federal aid intended to alleviate the impacts of the foreclosure crisis may be one source of this investment and could be leveraged to attract private investment. A strong rental unit rehab program is likely to be a critical component to any comprehensive affordable housing strategy in Milwaukee.

SECTION II: AN ASSESSMENT OF MILWAUKEE'S EFFORTS AND CAPACITY TO ADDRESS ITS HOUSING AFFORDABILITY CHALLENGES

This section reviews the current scope of public and private market interventions that attempt to address the housing gaps identified in Section I. The first part of this analysis looks at the largest public funding streams aimed at providing affordable rental housing for Milwaukee's lowest income households. Each public funding source will be evaluated in terms of the following:

- Current organization within Milwaukee County
- Capacity to address problems and gaps outlined in Section I

The second half of the section provides details about the private market providers of affordable rental housing, including for-profit and non-profit developers and landlords.

PUBLIC INFRASTRUCTURE

Milwaukee's public infrastructure to administer affordable housing subsidies largely flows through the City of Milwaukee and Milwaukee County. **Chart 6** shows the organization of housing subsidy programs in the City and County and in the municipalities of South Milwaukee and West Allis. These two suburban communities were included because of their public housing and Section 8 programs. Note that while there are several other local governments within suburban Milwaukee County that receive CDBG funds, HOME dollars, or both, for the sake of simplicity these municipalities were not included in this chart.

Chart 6: The organization of major public subsidy programs for affordable rental housing in metro Milwaukee

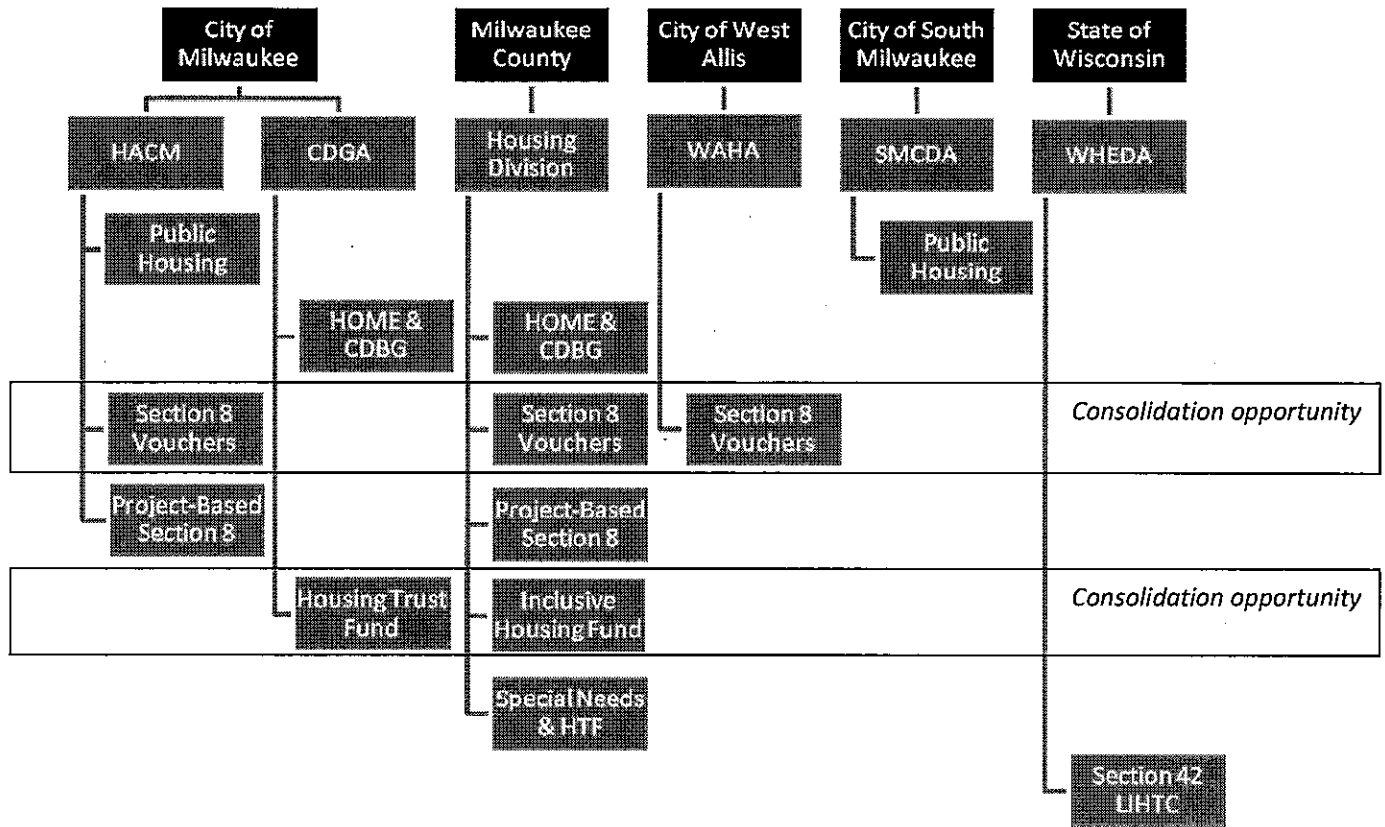


Chart 6 highlights two programmatic areas that, based on our research, may benefit from increased cooperation or potential consolidation. While a complete cost-benefit analysis of consolidation in these areas is beyond the scope of this report, later in this section we provide an initial look at some of the questions that would need to be addressed if greater coordination or consolidation is pursued.

Federal Aid for Public Housing

What is it?

As described by the U.S. Department of Housing and Urban Development (HUD):

“Public housing was established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. Public housing comes in all sizes and types, from scattered single family houses to high-rise apartments for elderly families. HUD administers Federal aid to local housing agencies that manage the housing for low-income residents at rents they can afford. In general, you may stay in public housing as long as you comply with the lease.”

Organization within metro Milwaukee

The Housing Authority of the City of Milwaukee (HACM) and South Milwaukee Community Development Authority (SMCDA) are the only two municipal entities within Milwaukee County that own and operate public housing. HACM operates 4,300 units and SMCDA operates 60 units. While consolidation may be an option, because of the small scale of SMCDA’s public housing portfolio, any potential cooperative arrangement between SMCDA and HACM likely would yield limited financial savings and/or service gains.

Capacity to impact problems and gaps outlined in Section I

Public housing plays a critical role in providing housing for those at the lowest end of the income spectrum. In recent years, HACM has redeveloped several of its public housing projects into mixed income communities through the use of federal Hope VI funds (see Glossary for a description of these funds). Those funds have been transformative investments that have turned once neglected eyesores into sought-after housing with long waiting lists.

Despite these successes, the ability of public housing to play a larger role in addressing the needs of extremely low income households appears to be limited due to a shift of federal priorities away from the public housing model. Nationally, a reduction in federal operating subsidies in recent years has resulted in the deterioration, sale, or demolition of many public housing units, resulting in a 13 percent decrease in public housing units between 1995 and 2007.²³ Furthermore, decreases in operating subsidies have compelled housing authorities to shift housing units to higher income tenants to whom higher rents can be charged, further reducing public housing’s ability to address the existing affordability gap among extremely low income renters. Although priorities could change with the new presidential administration, a continued movement away from the public housing model appears likely.

²³ Center on Budget and Policy Priorities, “HUD Budget contains major funding shortfalls,” 3/5/2008. <http://www.cbpp.org/3-5-08hous.pdf>

Despite these federal fiscal constraints, one way to creatively grow the program at the local level would be to encourage the graduation of tenants out of public housing and into non-government subsidized private market units, thereby opening spots for lower income households. Such a transition program may be beneficial because, unlike those who receive Section 8 vouchers, public housing residents are not necessarily required to move as their income increases. Although families must be recertified every year, in most cases an increase in household income will not result in a denial of eligibility. Even though the rent will increase as income increases, the savings on rent for a household in public housing can still be substantial, thereby encouraging tenants to stay in public housing once a unit is secured, despite a family's improving financial condition.

Nationally, the average length of stay for a household in public housing is 8.5 years, compared to 4.75 years for the Section 8 voucher program.²⁴ Currently, most former residents of public housing in Milwaukee move out due to homeownership or because they are removed for bad behavior. Increasing investment in transition programs to help families graduate from public housing into the private rental market could result in more opportunities for the lowest income households to move into public housing units.

Federal HOME Investment Partnership

What is it?

According to HUD:

“HOME provides formula grants to states and localities that communities use - often in partnership with local nonprofit groups - to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people.”

Organization within metro Milwaukee

The vast majority of HOME funds (\$6.2 million in 2008) in Milwaukee County flow directly to the City of Milwaukee. The funds that Milwaukee County government receives (\$1.2 million in 2008) support affordable housing development in all areas of the county except for the City of Milwaukee. In addition, Wauwatosa and West Allis contract with Milwaukee County to administer their HOME program funds.

Capacity to impact problems and gaps outlined in Section I

The size of the HOME program is relatively modest when compared to the dimension of Milwaukee County's housing affordability challenges. With funding of just more than \$7

²⁴ Lubell, Shroder, and Steffen, “Work Participation and Length of Stay in HUD-Assisted Housing,” *Cityscape: A Journal of Policy Development and Research*, Volume 6, Number 2, 2003, U.S. Department of Housing and Urban Development Office of Policy Development and Research. Accessed from www.huduser.org/periodicals/cityscpe/vol6num2/work_particip.pdf

million annually, which is slowly declining, it is hard to imagine a scenario where HOME funds could play an integral role in producing affordable rental units at a significant scale. Further hindering the potential impact of HOME funds is their greater administrative burden as compared to the Community Development Block Grant program.

It is possible that combining City of Milwaukee and Milwaukee County HOME allocations could produce some administrative efficiencies; however, due to limited funding, such a change would not result in a significant increase in the number of low-income households served by these funds. Furthermore, the county allocation is primarily divided between West Allis and Wauwatosa with no overlap into the City of Milwaukee.

Federal Community Development Block Grants (CDBG)

What is it?

As described by HUD:

“HUD awards grants to entitlement community grantees to carry out a wide range of community development activities directed toward revitalizing neighborhoods, economic development, and providing improved community facilities and services. Entitlement communities develop their own programs and funding priorities. However, grantees must give maximum feasible priority to activities which benefit low- and moderate-income persons.”

Organization within metro Milwaukee

CDBG funding is awarded annually to all HUD entitlement communities (see Glossary). The following awards were granted to local governments in 2007:²⁵

- The City of Milwaukee, administered by the Community Development Grants Administration: \$17.7 million
- City of West Allis, administered by the Department of Development: \$1.4 million
- City of Wauwatosa, administered by the Department of Community Development: \$1.2 million
- Milwaukee County,* administered by the Housing Division: \$1.7 million

**Milwaukee County's allocation can be used throughout the county. The county's CDBG allocation traditionally has been split in half, with 50% of the funds allocated to projects submitted by municipalities within the county, and 50% allocated to "at-large" community development projects under \$40,000 selected by the county. This 50/50 split is based on an allocation agreement negotiated by the county and its municipalities every three years.*

²⁵ Milwaukee HUD Field Office Annual Report, accessed from <http://www.hud.gov/local/wi/news/07annualreport.pdf>

Capacity to impact problems and gaps outlined in Section I

Governments in Milwaukee County receive a total annual CDBG allocation of slightly more than \$20 million. This pool of community development dollars is significant not only because of its size, but also because of its flexibility. CDBG funds have very few strings attached by the federal government, allowing localities great discretion in prioritizing use of the funds. Despite its flexibility, the capacity of CDBG funding to address Milwaukee's affordable housing needs has been limited. In part, this results from the many competing demands for these dollars. On average, approximately one out of every five CDBG dollars in the City of Milwaukee is allocated to housing.²⁶ There would be considerable political and policy hurdles to overcome in any attempt to significantly increase that percentage and decrease allocations to other eligible CDBG uses.

In addition, at the federal level, the pool of CDBG funds has been shrinking, at least until recently (the federal stimulus package contains a one-time allocation of approximately \$1 billion in CDBG funds nationwide, of which the City of Milwaukee is estimated to receive \$4.5 million). As recently as 2002, the City of Milwaukee was granted \$22.6 million in CDBG funds. In 2008, this figure was down to \$16.6 million, reflecting a 26% reduction in funds in just six years without adjusting for inflation. (During the same period, the County's allocation was relatively steady, registering a slight decrease from \$1.8 million to \$1.7 million.) Despite these challenges, CDBG is a significant source of public funds that could, in theory, be better used to address Milwaukee's most pressing housing needs. Specifically, funds can be used for affordable housing activities related to property acquisition, site clearance, site preparation, and rehabilitation of single and multifamily units. Use of CDBG funds for new construction is precluded except under specific conditions.

Chart 6 groups CDBG and HOME funds together because of their many similarities. Both can be targeted for housing, both typically are administered by the same local authority, and both typically are provided in the form of grants or direct subsidies to qualified organizations and developments. When we discussed the use of CDBG and HOME funds in the Milwaukee metro area with local housing experts (see *Appendix A* for a list of expert interviewees), their concerns regarding local allocation policies included the following:

- Whether the dollars are being spread too thin, across too many non-profit organizations.
- Whether housing projects are too scattered and lacking critical mass.
- Whether local housing policies align with market conditions.
- Whether local policies maximize leverage of private dollars.

These questions point to concern about a potential lack of focus regarding allocation of federal housing funds in Milwaukee County's entitlement communities. Interviewees singled out recent projects that had received federal grant allocations but either had not been successful or had not been particularly impactful. In fairness, examples also exist of successful projects that would not

²⁶ "Growing up: Analysis of City of Milwaukee economic development efforts," Public Policy Forum, November 2006.

have occurred without the investment of federal grant dollars. It is clear, however, that skepticism exists regarding government efforts to appropriately allocate CDBG and HOME funds.

Any discussion of reallocating CDBG and HOME funds in Milwaukee County must acknowledge the highly competitive environment for such dollars. A more realistic and effective reform may be the reprioritization of federal funds as part of a larger comprehensive housing strategy. In Louisville, Kentucky, the Metro Comprehensive Housing Strategy issued by a mayor-appointed task force called for the newly combined city and county Metro Government to pursue five key reforms to improve Louisville's housing finance system. These reforms included the following five objectives:²⁷

1. *Louisville Metro will create a Community Development Fund to provide gap financing and funding to both for-profit and not-for-profit developers in first and second ring neighborhoods.*
2. *Louisville Metro will create a local Affordable Housing Trust Fund from a dedicated, renewable source of public revenue to provide housing opportunities for households under 50% AMI in all three rings of the city.*
3. *Louisville Metro will facilitate down payment assistance programs and mortgage products for the 80% – 110% median market in order to create and support mixed-income neighborhoods in all rings of the city.*
4. *Louisville Metro will target a rental rehabilitation program that provides incentives to current landlords to invest in properties and deliver affordable units in all three rings of the city.*
5. *Louisville Metro will implement a tax-based incentive to encourage middle-income homeownership in target neighborhoods in the first and second rings.*

While there are currently pieces of the Louisville agenda in place in Milwaukee County, and particularly in the City of Milwaukee, there is no countywide strategy in place to govern the strategic use of federal dollars to address housing needs. While even the suggestion of reallocating CDBG resources would be controversial, doing so within the context of a countywide action plan may produce more political support.

Federal Housing Choice Voucher Program (Section 8 Vouchers)

What is it?

According to HUD:

²⁷ A Comprehensive Housing Strategy for Louisville Metro, Louisville Jefferson County Metro, March 2006. Accessed at <http://www.louisvilleky.gov/NR/rdonlyres/C19BF4CB-E559-47E7-AA3A-B39F9124D45D/0/ComprehensiveHousingStrategyFINAL.pdf>

“The housing choice voucher program is the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. The participant is free to choose any housing that meets the requirements of the program and is not limited to units located in subsidized housing projects. Vouchers are administered locally by public housing agencies (PHAs). The PHAs receive federal funds from HUD to administer the voucher program. A family that is issued a housing voucher is responsible for finding a suitable housing unit of the family's choice where the owner agrees to rent under the program. Units must meet minimum standards of health and safety, as determined by the PHA.”

Organization within metro Milwaukee

The federal Section 8 voucher program is administered by three public housing agencies in Milwaukee County. These are listed in **Table 15** along with their revenue and expenditure data for 2008, current staffing levels, and efficiency measures. The service area for Milwaukee County vouchers is the entire county, including the City of Milwaukee. The service areas for the City of Milwaukee and City of West Allis programs reflect their municipal boundaries.

Table 15: Administration of the Section 8 voucher program in Milwaukee County, 2008

	Housing Authority City of Milwaukee	Milwaukee County Housing Division	City of West Allis Community Development Authority
Program costs (Vouchers)	\$27,000,000	\$10,792,548	\$2,300,000
Admin costs	\$2,960,000	\$1,231,698	\$286,000
Total Costs	\$29,960,000	\$12,024,246	\$2,586,000
Housing Assistance Payments	\$27,000,000	\$10,792,548	\$2,300,000
Admin fees	\$2,800,000	\$1,050,000	\$256,000
Tax levy funding	\$0	\$181,698	\$0
Program fees	\$45,000	\$0	\$0
Interest income	\$115,000	\$0	\$0
Operating reserve	\$0	\$0	\$30,000
Total Revenue	\$29,960,000	\$12,024,246	\$2,586,000
Total number served	5,616	2,014	457
Total number of staff	33	12	4
Program manager(s)	4	1	1
Office support	8	2	1
Program assistants/specialists	17	7	2
Number of inspectors	5	2	1
Efficiency measures			
Admin costs as % of program costs	11.0%	11.4%	12.4%
Number served per employee	170	168	114

Capacity to impact problems and gaps outlined in Section I

The Section 8 program provides a critical link in helping very low and extremely low income renter households connect with affordable housing. In Milwaukee, this program takes on extra significance due to the fact that the county's affordability crisis is driven predominately by low household incomes, not high housing costs (see Section I). Milwaukee County's extremely low average household incomes are directly targeted by the Section 8 voucher program, which can produce significant reductions in monthly rents for poor families.

While public subsidies to developers for affordable housing production and rehab (CDBG, Housing Trust Fund, Tax Credits) often receive more attention, the Section 8 voucher program quietly serves more than 8,000 households in Milwaukee County every year, playing a pivotal role in addressing Milwaukee's affordability crisis. In 2008, rent assistance payments totaled \$40.1 million, making it Milwaukee County's single largest housing program targeted at very low income and extremely low income renter households.

This outlay, however, does not come close to meeting the demand for Section 8 vouchers. The current combined waiting list for Section 8 vouchers in Milwaukee County exceeds 10,000 names. Furthermore, this figure only reflects those families fortunate enough to acquire a spot on the waiting list in the first place. Once on the list it may take several years before a household secures a voucher.

Beyond long waiting lists, the Section 8 voucher program has other limitations, both in Milwaukee and nationally. Successfully addressing these issues, which are summarized below, likely will entail policy intervention at the local, regional, and national levels.

- **Fragmentation** – In the vast majority of metro areas in the United States, including the Milwaukee region, there is a mismatch between the local administration of housing vouchers and the regional nature of housing markets. The result is a hodgepodge of housing authorities with overlapping jurisdictions. In Milwaukee, for example, the City of Milwaukee, Milwaukee County, and West Allis have overlapping jurisdictions. This leads to confusion for both renters and landlords. Renters, for example, need to make separate applications and go through separate eligibility reviews, while landlords are forced to deal with multiple housing authorities with different regulations and procedures for unit inspections.
- **Concentration** – Vouchers only can be used with landlords that accept them. In Milwaukee County and many other urban areas, several factors contribute to the concentration of these landlords in the major city (83% of Milwaukee County Section 8 vouchers are currently used within city limits). These factors include:²⁸
 - Lack of moderately priced rental housing
 - Tight market conditions
 - Racial and ethnic discrimination

²⁸ Turner, Margery Austin. 2003. "Strengths and Weaknesses of the Housing Voucher Program," Washington D.C., The Urban Institute. Accessed at <http://www.urban.org/publications/900635.html>

- Landlords who are unwilling to accept voucher payments or are unfamiliar with the program
- Ineffective local administration
- **Limited funding** – Because of funding limitations, the Section 8 program operates similar to a lottery, with only 25% of vouchers being distributed based solely on need.²⁹ Otherwise, applicants must wait until their name is next on the waiting list. Consequently, households that are lucky enough to be chosen to receive a voucher get needed help, while those on the waiting list get nothing. In contrast, many other federal programs for the extremely low income are eligibility-based; food stamps and Medicaid, for example, provide help to all who meet eligibility criteria. According to the Urban Institute, “The single biggest limitation of the current housing voucher program is that federal spending for affordable housing is woefully inadequate. Only about one in every three eligible families gets assistance. Thus, even though vouchers work well for those lucky enough to receive them, 6.1 million low-income renters still face severe housing hardship.”³⁰ The end result is long waiting lists for Section 8 vouchers in Milwaukee and nationwide.

It is possible that some of the administration-related problems cited above could be addressed by consolidating the various Section 8 voucher programs within Milwaukee County. A 2001 study published in *Housing Policy Debate* argues for regional entities to administer the Section 8 voucher program, stating “the current balkanized system undermines the potential of the program to promote mixed-income communities and the de-concentration of poverty.”³¹ Regional collaboration and/or regional administration of the voucher program potentially could help address the administrative barriers to portability across jurisdictions, and make the program more transparent to both landlords and participants.³² A 1997 HUD study finds that regionally administered Section 8 programs:

- allow participants to move with fewer complications;
- offer participants far easier access to a wider range of housing choices; and
- make landlord participation easier by making procedures and standards consistent across separate jurisdictions.

²⁹ These are the Section 8 vouchers distributed for emergency situations, which move specified participants (homeless, displaced, etc.) to the top of the list. Housing Authority City of Milwaukee Rent Assistance Administrative Plan, revised Sept. 2003. Accessed at www.hacm.org/agency%2520plan%2520and%2520annual%2520reports/Section%25208%2520Admin%2520Plan%2520Rev%252009-2003.pdf

³⁰ Turner. 2003.

³¹ Katz, Bruce and Margery Turner. “Who Should Run the Housing Voucher Program? A Reform Proposal” *Housing Policy Debate*, Vol. 12, Issue 2, 2001.

³² Turner. 2003.

Federal Project-Based Section 8 Subsidies

What is it?

As described by the federal Government Accountability Office:

“Under the project-based Section 8 program, HUD contracts with property owners that receive rental subsidies for units rented to low-income tenants. These tenants pay a portion of the rent, generally 30 percent of their adjusted income, and the subsidies make up the rest. In exchange for guaranteed rent payments from HUD, owners commit to restricting their units to low-income tenants for 15 to 40 years under contracts written or renewed since the program’s inception in 1974.”

Organization within metro Milwaukee

There are currently 10,130 project-based Section 8 units in Milwaukee County. While new funds are no longer appropriated for this program, public housing agencies may use up to 20% of the funds in their annual Section 8 voucher program block grants to provide project-based assistance. These project-based subsidies can be attached to the development or rehab of new or existing rental units. They typically are used in tandem with other public grants (CDBG, HOME, or Housing Trust Fund allocations) to rehab and develop new rental housing units.

Milwaukee County currently plans to “project-base” a portion of its tenant-based Section 8 voucher allotment to attract developers to build supportive housing units targeted at very low and extremely low income individuals and families with mental illness. The City of Milwaukee also has “project-based” a portion of its voucher allotment to redevelop public housing projects into mixed income communities. Cherry Court and Convent Hill are examples of two public housing developments that have benefited from project-based Section 8 support.

Capacity to impact problems and gaps outlined in Section I

In the absence of new HUD funding for project-based Section 8, housing authorities risk losing Section 8 subsidized units as contracts with property owners expire. Owners of apartment buildings with subsidized project-based units are susceptible to opting out of the program at the end of their contract period. According to the GAO researchers, “The properties most likely to leave the program were those with few Section 8 units, family-occupied units, those in poor physical condition, and those located in markets with rapidly escalating housing values.” The propensity for owners of units in poor condition to opt out is troubling for Milwaukee, as most of the area’s current project-based units were constructed in the late 1970’s and were only built to last 40 years.

In the future, a concerted effort may be required to rehab or redevelop these units with Section 42 Tax Credits (see Glossary) and other public subsidies to ensure that they remain available for low-income consumers. While Section 8 preservation efforts in Wisconsin and across the

country are ongoing, according to a recently published GAO report, the upper Midwest had the highest opt-out rate in the country at just over 7% of eligible units. Between 2001 and 2005, the report counted 26 of 373 eligible properties in Wisconsin opting out of the program, resulting in a total loss of 871 units. Eleven of those 26 properties were in the four-county Milwaukee region with a total regional loss of 422 units.³³

Local Housing Trust Funds

What are they?

According to the national Housing Trust Fund Project:

“Housing trust funds are distinct funds established by city, county or state governments that receive ongoing dedicated sources of public funding to support the preservation and production of affordable housing and increase opportunities for families and individuals to access decent affordable homes. Housing trust funds systemically shift affordable housing funding from annual budget allocations to the commitment of dedicated public revenue. While housing trust funds can also be a repository for private donations, they are not public/private partnerships, nor are they endowed funds operating from interest and other earnings.”

Organization within metro Milwaukee

There are currently three housing trust funds in Milwaukee County. They are:

- **Milwaukee County Special Needs Housing Trust Fund** – Operated by the Milwaukee County Housing Division, this fund provides grants to developers of supportive housing developments. The grants include a requirement that a minimum of 40% of the units produced by the developer be made available to individuals with special needs served by the county’s Behavioral Health Division. The fund originated in 2007 and was funded with separate \$1 million loans from the State Trust Fund Loan Program in both 2007 and 2008. Another \$1 million loan is authorized in the county’s 2009 budget. The county will be required to pay back these loans (with interest) with property tax levy resources over a multi-year period. The county recently allocated just over \$1.5 million from this fund to three supportive housing developments totaling 149 units. In all, five projects with 225 units have been approved since the fund’s inception.

- **Milwaukee County Inclusive Housing Fund** – This fund was created by Milwaukee County in 2005 in conjunction with the effort to sell and develop land in the Park East Corridor. The original intent was to use a share of Park East land sale proceeds to help finance the development of affordable workforce housing within the City of Milwaukee.

³³ Government Accountability Office, Report # GAO-07-290, “Project-Based Rental Assistance: HUD Should Update Its Policies and Procedures to Keep Pace with the Changing Housing Market,” April 12, 2007. Accessed on 12/15/2008 at <http://www.gao.gov/products/GAO-07-290>

The first \$1 million of the net proceeds on the sale of a specific parcel of land in the Park East corridor was to have been placed into this new account, but that land sale has yet to close. The County Board attached an amendment to the 2008 budget calling for the first \$1 million of *any* land sale proceeds to be directed into the fund that year. County policymakers have not yet determined how or whether additional dollars will be added to this fund.

- **City of Milwaukee Housing Trust Fund** – Administered by the City of Milwaukee Community Block Grant Office, the fund grants gap financing (see glossary) to developers of rental housing, owner-occupied housing, and housing and services for the homeless. It was capitalized with \$2.5 million in general tax revenue in 2007, and \$400,000 in general tax revenue in both 2008 and 2009. Early in 2008, the fund awarded \$1.4 million to five affordable housing projects to produce 142 rental units. In February 2009, an additional nearly \$1 million was allocated to nine projects that were expected to produce 133 affordable units.

Capacity to impact problems and gaps outlined in Section I

The capacity of Milwaukee’s three separate housing trust funds to impact affordable housing needs is currently limited due to their lack of stable public funding sources. Our review of funding mechanisms for local and state housing trust funds throughout the United States reveals that the vast majority of trust funds receive revenues from dedicated taxes or fees.³⁴ Thus far, the Milwaukee experience with housing trust funds is literally to beg (city trust fund), borrow (county special needs fund) or hope for the best (county inclusive housing fund). Absent stable and/or dedicated funding sources, the county’s three housing trust funds can have only a limited impact on affordable housing challenges and may be unsustainable in light of worsening budgetary pressures at both the city and county.

In an environment of stressed public, corporate, and foundation budgets, it appears to be an appropriate time to consider consolidating the three separate housing funds at work in the county. A combined fund could ease the administrative burden for applicants, spread the funding burden across larger population and tax bases, raise the profile and scale of the fund, and have more potential to attract private donors. According to recent research by the Center for Community Change, “Counties seem particularly well-positioned to participate in regional efforts to broaden involvement in addressing critical housing needs by other governments. County housing trust funds have been creative in identifying local revenue sources and in challenging the private sector to be involved.”³⁵ Although consolidation brings forth a myriad of questions, including governance structure and funding streams, cooperative efforts such as those undertaken in King County, WA and Franklin County/Columbus, OH (see section III for more discussion) provide models for further exploration. Groundwork for such a collaboration between the city and county on affordable housing matters has been laid by the joint Supportive Housing Commission (see Special Needs section on page 43).

³⁴ Ibid.

³⁵ Ibid.

Local Tax Increment Financing (TIF)

What is it?

TIF is a public finance tool that villages and cities use to spur economic growth. It captures the increase in property tax proceeds generated by new real estate development within a particular district and uses the proceeds to pay for public improvements in the district. Once the improvements are fully paid off, the district is retired and the increased property value is added to the tax base.

Organization within metro Milwaukee

As of 2007, a total of 77 active TIF districts existed in 14 of Milwaukee County's 19 municipalities. The amount of property value contained within those districts totaled \$3.8 billion, of which 18% was residential.

Capacity to impact problems and gaps outlined in Section I

The capacity of TIF to significantly impact affordable housing rehabilitation and production is limited by Milwaukee's relatively modest use of the tool, while any increase in the use of TIF in the near-term is very much in doubt due to declining property values. Although no comprehensive data exists to detail the extent of the Milwaukee region's use of TIF for affordable rental housing, it may be safe to assume that no other municipality outside of the City of Milwaukee embraces affordable rental housing enough to actually use TIF to finance its development.

The City of Milwaukee does have some experience using TIF to finance affordable rental apartments. In 1990, the city used TIF to help finance the redevelopment of the former Home Bank Building into the Historic King Place Apartments. The property contains street-level retail and 41 apartments targeted at "low and moderate-income families."³⁶ The apartments are reported to have a high occupancy rate and this successful TIF district was retired in 2008, with \$2.2 million added to the city's property tax base at that time.³⁷ Despite this modest success, using TIF to finance affordable rental housing in Milwaukee is not widespread.

Some jurisdictions in other parts of the country have utilized TIF more aggressively to address affordable housing challenges. The BeltLine Affordable Housing Trust Fund in Atlanta, for example, is projected to raise \$120 million for affordable housing rehab and production over the next 25 years by capturing 15% of the revenues of the large Beltline TIF district.³⁸ While the

³⁶ TID 14 Periodic Project Summary Report, City of Milwaukee Department of City Development, 6/30/08. Accessed at www.mkedcd.org/business/TIF/projects.html

³⁷ BizTimes.com, "Milwaukee TIF close-outs could add \$36.5 million to tax base," 6/27/08. Accessed at www.biztimes.com/news/2008/6/27/milwaukee-tif-close-outs-could-add-365-million-to-tax-base

³⁸ Beltline Affordable Housing Advisory Board, Affordable Housing Trust Fund Recommendations, accessed from www.beltline.org/Portals/26/PDF/BAHAB/9BAHAB%20Recs%20Final%2010%2024%2008%20For%20web.pdf

Atlanta BeltLine project has yet to break ground, its plan to use TIF to build a pool of funds for the purposes of affordable housing production is both innovative and instructive.

Meanwhile, in 2007, the city of Portland, Oregon passed a TIF set-aside requirement that requires using 30% of the tax increment in designated urban renewal zones to fund affordable housing. By 2011, Portland expects to set aside \$120 million for homes and rental units in these areas.

Federal Section 42 Low-Income Housing Tax Credits (LIHTC)

What is it?

According to HUD:

“Federal housing tax credits are awarded to developers of qualified projects. Developers then sell these credits to investors to raise capital for their projects, which reduces the debt that the developer would otherwise have to borrow. Because the debt is lower, a tax credit property can in turn offer lower, more affordable rents. The LIHTC program requires a minimum affordability period of 30 years.”

Organization within metro Milwaukee

In Wisconsin, the LIHTC program is administered by the State of Wisconsin Housing and Economic Development Authority (WHEDA). WHEDA provides tax credits to housing projects statewide through an annual competitive process. There are currently 6,109 subsidized Section 42 LIHTC units in Milwaukee County.

Capacity to impact problems and gaps outlined in Section I

The importance of the LIHTC program to affordable rental rehab and development in Milwaukee cannot be overstated. Without this credit, there would be little new affordable rental housing built in the city. As one interviewee stated, “They own the affordable rental development game. Heck, a few years ago even market rate rental developments weren’t feasible to build without a subsidy.”

Despite being “the only game in town,” the LIHTC program plays a limited role with regard to Milwaukee’s extremely low-income households, as the program is not targeted at the lowest income earners. According to program rules, “at minimum, either 20% of units must be rented to tenants with incomes not exceeding 50% CMI or, 40% of the units must be rented to tenants with incomes not exceeding 60% of CMI.”³⁹ Either way, the program is targeted at low- and moderate-income renters, not extremely low-income renters (those under 30% CMI).

³⁹ County Median Income (CMI) is \$39,481 in Milwaukee County).

The capacity of the LIHTC program is also impacted by the fact that tax credits are harder to sell in recessionary environments. Developers that receive the credits are having a difficult time selling them on the investment market due to a scarcity of buyers.⁴⁰ Even developers that find investors to purchase credits are receiving less money due to low prices. Ironically, tax credits are more available now than ever, but their potential usage has been curbed significantly by the economic downturn.⁴¹

With limited buyers for tax credits, developers must tap other funding streams to complete financing for their projects. TIF, CDBG and HOME dollars are all increasingly being relied upon to fill gaps left by low credit prices. Of course, as explained above, those funding sources have limits as well.

Special Needs

What is it?

Federal, state, county and city-funded services and development assistance dollars targeted at addressing the quality and quantity of housing for people with disabilities and other special needs. While HUD regulations define “special needs” programs in varied ways, in the case of Milwaukee County, the focus of special needs housing programs is individuals with severe and persistent mental illness. The county’s overriding goal has been to provide persons with mental illness who are currently served by its Behavioral Health Division with decent, safe and affordable housing accompanied by support services that cover a broad continuum of care.

Organization within Milwaukee County

Although many agencies and levels of governments are involved in funding and administering special needs housing in Milwaukee County, perhaps the key player is the recently reorganized Milwaukee County Housing Division. This function was moved out of the Department of Administrative Services and created as a separate division within the Department of Health and Human Services in 2008 with the express purpose of prioritizing Milwaukee County housing efforts on those receiving social services from the county. The Milwaukee County Housing Division administers the following programs pertaining to special needs housing (including funding source):

- Shelter+Care – Federal
- Safe Haven – Federal
- HOME – Federal
- Mental Health Housing Initiative – County
- Project-Based Section 8 – Federal
- Milwaukee County Special Needs Housing Trust Fund – Funds borrowed from the State

⁴⁰ The Daily Reporter, “Weak tax credits stifle developments: Analysts predict tough year for affordable housing,” 1/7/2009. Accessed at www.dailyreporter.com/item.cfm?recid=20050420&snippet=f

⁴¹ Ibid.

Additional government agencies involved in the development and servicing of special needs housing in Milwaukee County include the City of Milwaukee Department of City Development and the City of Milwaukee Housing Authority. The Milwaukee Continuum of Care (CoC) also plays a significant role in allocating HUD dollars to homeless and special needs populations. The Milwaukee CoC is designated by HUD as the entity responsible for coordinating the homeless services system in Milwaukee and consists of representatives from government, non-profit organizations, advocacy groups, foundations, consumers and other interested parties.

Capacity to impact problems and gaps outlined in Section I

In recognition of the large unmet needs for housing within the special needs community and in response to a series of Milwaukee Journal Sentinel newspaper articles describing the squalid housing conditions experienced by poor persons with mental illness, a Special Needs Housing Action Team was appointed by Mayor Tom Barrett and County Executive Scott Walker in late 2006 to “coordinate their policies, priorities and resources to provide adequate housing and services in the community.”⁴² Soon thereafter, as recommended by the Action Team, a permanent 16-member City-County Commission on Supportive Housing was created. The Commission has played an important role thus far in coordinating city and county resources and planning, assisting the CoC to draw down additional federal dollars, and encouraging the development of several new housing projects to serve the special needs population.⁴³

Interviewees lauded the efforts of the Commission, and some suggested that those looking to tackle Milwaukee’s larger affordable housing challenges have a unique opportunity to build off the Commission’s successes. Specifically, the joint sense of trust and purpose that has been built between city and county housing officials, and the coordination of resources and strategies that has been engendered with regard to the development of supportive housing units in Milwaukee County, could serve as a foundation for expanded cooperative efforts between the city and county to address the gaps outlined in Section I of this report.

Another effort that is underway to specifically address the needs of the homeless or near-homeless populations is the CoC’s development of a 10-Year Plan to End Homelessness in Milwaukee County, funded in part by the city, county and the Greater Milwaukee Foundation. Similar to other 10-Year Homeless Plans developed by jurisdictions across the country, the plan’s focus is on ending, rather than managing, homelessness. According to a project overview, the plan will include strategies on homeless prevention, rapid re-housing/housing first (see Glossary) of homeless households, and developing mainstream solutions to end homelessness. The 10-Year Plan is expected to be released in August 2009 and could play a prominent role in tackling Milwaukee’s affordable housing gap, especially given that there is likely overlap in those populations defined as extremely low income and homeless individuals or those living on the edge of homelessness.

⁴² Special Needs Housing Action Team, Final Report, June, 2007.

⁴³ “Panel to tackle housing: City, County team up to help the homeless, mentally ill,” Milwaukee Journal Sentinel, 1/16/2008. Accessed at <http://www.jsonline.com/business/29485939.html>

CONCLUSION

The funding needs for affordable housing production, rehab, and services in Milwaukee County are too extensive to be accommodated with current public programs and funding sources. While there are a wide variety of funding streams, each is limited in size and scope and many are inflexible. In addition, this multiplicity of public programs is confusing both for housing developers and investors, as well as for low-income renters. The fragmentation and arbitrary jurisdictional boundaries of these programs also hinder systemic planning and policymaking. Better coordination, and perhaps consolidation, among local governments could help address some gaps identified in Section I; but, as the data in that section indicated, the private market is where most of the county's lowest income earners will seek housing. It is evident, therefore, that the ability and willingness of the private market to address the need for affordable housing for extremely low income households is as important as the public infrastructure.

PRIVATE AND NONPROFIT MARKET RESPONSE

With tight state and local government budgets and uncertainty regarding long-term availability of increased federal dollars, the role for private investors in the affordable housing market may gain stature, as may that of community development corporations (CDCs) and other non-profits. In the remainder of this section, we evaluate the private response to Milwaukee's rental housing affordability problems. We focus on three particular private market entities that were identified in our interviews as areas in which Milwaukee was lacking capacity. These entities are:

- Community Development Financial Institutions (CDFIs)
- CDCs and Community-Based Housing Development Organizations (CHDOs)
- Private investor-owners (landlords)

For each, we attempt to answer the following:

- What is the entity's current capacity to address the affordability challenges facing extremely low income renters in Milwaukee County?
- What are the major issues and opportunities in expanding the role of each entity?

Community Development Financial Institutions (CDFI)

What are they?

A CDFI is a regulated private sector financial intermediary that serves economically disadvantaged communities and customers for whom finding traditional financing is difficult. Unlike conventional financial institutions, CDFIs provide lending services along with financial education and technical assistance. CDFIs also work to provide alternatives to subprime lending by providing necessary financial services at a low cost to the borrower.

The U.S. Department of the Treasury's CDFI Fund is one source of initial funding for CDFIs. The CDFI Fund "administers a competitive grant program that provides capital grants, loans, and

equity investments to support the community development finance activity of CDFIs. CDFIs leverage this federal investment on average 27 times over with private money, using these funds to revitalize communities through investment in affordable housing, small businesses, and community facilities and by providing retail financial services to low-income populations.”⁴⁴

CDFIs attract much of their investment from regulated financial institutions that are seeking to satisfy requirements of the Community Reinvestment Act (CRA). The CRA, which was designed to address discriminatory lending, requires certain categories of commercial banks and savings associations to make loans or investments to meet the needs of borrowers in all segments of their communities, including low- and moderate-income neighborhoods. Banks can meet their CRA requirement by loaning directly to the targeted borrowers, but loaning instead to a CDFI can optimize those dollars, which the CDFI will utilize to leverage other public or private funds. Also, when banks invest their CRA dollars in a competent CDFI, they are not only fulfilling their CRA obligations and maximizing the impact of those dollars, but in some cases they can consider their loan as an investment through an instrument called an equity equivalent investment (EQ2).⁴⁵

Operations within metro Milwaukee

While all the CDFIs currently serving the City of Milwaukee are investing in economic development strategies to help low-income neighborhoods, very few CDFIs are focusing on affordable housing. The most recent data from the CDFI Fund indicates that only the North Milwaukee State Bank has funds awarded for support of affordable rental housing. The Legacy Bank Redevelopment Corporation has targeted a distressed neighborhood near 20th street and Fond du Lac Avenue, but its targeted program is for new market rate homes, not rental housing. Local Initiatives Support Corporation (LISC) also is a CDFI and its Milwaukee office (which opened in 1995) has used its resources to help finance numerous affordable housing projects in the Milwaukee area. LISC’s focus, however, is on neighborhood revitalization as opposed to solely affordable housing. That broader mission, combined with staff capacity and funding limitations (related to availability and funder requirements), prevents the Milwaukee LISC office from significantly expanding its housing investment activity.

⁴⁴ Zeytoonjian, Fred and Alejandra Lopez-Fernandini. “Community Development Financial Institutions Fund, National Low-Income Housing Coalition’s 2008 Advocates Guide to Housing and Community Development Policy. Accessed at <http://www.nlihc.org/doc/AdvocacyGuide2008-web.pdf>.

⁴⁵ The equity equivalent is carried as an investment on the investor’s balance sheet in accordance with Generally Accepted Accounting Principles (GAAP) 2. It is a general obligation of the CDFI that is not secured by any of the CDFI’s assets 3. It is fully subordinated to the right of repayment of all of the CDFI’s other creditors 4. It does not give the investor the right to accelerate payment unless the CDFI ceases its normal operations (i.e., changes its line of business) 5. It carries an interest rate that is not tied to any income received by the CDFI 6. It has a rolling term and therefore, an indeterminate maturity. Like permanent capital, EQ2 enhances a CDFI’s lending flexibility and increases its debt capacity by protecting senior lenders from losses. Unlike permanent capital, the investment must eventually be repaid and requires interest payments during its term, although at a rate that is often well below market. The equity equivalent is very attractive because of its “equity like” character, but it does not replace true equity or permanent capital as a source of financial strength and independence. In for-profit finance, a similar investment might be structured as a form of convertible preferred stock with a coupon. Source: Sparks, Laura “An Equity Equivalent Primer,” Technical Assistance Memo, National Community Capital Association. March 2001.

Capacity to impact problems and gaps outlined in Section I

In contrast to other major urban areas, Milwaukee lacks a strong CDFI devoted to affordable housing-related initiatives that has the necessary infrastructure and capacity to inspire the confidence of private investors. IFF, formerly the Illinois Facilities Fund, is a CDFI that recently opened an office in Milwaukee. The fund, which touts itself as being the largest CDFI in the Midwest, serves Illinois, Missouri, Iowa, Indiana and Wisconsin, making loans to nonprofits developing community facilities, affordable housing, and physical infrastructure. IFF's entrance into the market helps to fill the gap for CDFI services. However, given its broad focus and service area, IFF may be best viewed as one contributor to increasing investment for area affordable housing, rather than a focused strategy for increasing Milwaukee's affordable housing investment.

Another CDFI, also from Chicago, provides an alternate model. Community Investment Corporation in Chicago specializes in assisting owners of four-family and larger units with rehabilitation, acquisition, and new construction projects. The agency currently is funded by 47 banks and financial institutions with a loan volume of \$68 million in FY2000 (see section III for more information). Milwaukee has a slightly different housing stock than Chicago, with a preponderance of duplexes and fewer large apartment buildings; however, it stands to reason that Milwaukee would benefit from developing a similar large-scale loan pool that targets resources to address the needs of its affordable rental housing stock.

Community Development Corporations (CDCs) and Community-Based Housing Development Organizations (CHDOs)

What are they?

Community development corporations (CDCs) are usually neighborhood-based non-profit organizations operated by a volunteer board of residents and community activists and/or leaders. CDCs promote the improvement of the physical and social infrastructures in neighborhoods by producing affordable housing, planning and supporting commercial/retail developments, creating jobs, and providing social services and community improvement opportunities to low-income communities. Another equally important role of CDCs is that of a conduit of information regarding city programs, such as the City of Milwaukee's Targeted Investment Neighborhoods (TIN). CDCs connect their neighborhoods with city programs and assist residents and investor-owners with knowledge regarding how to access neighborhood and housing improvement resources. Nationally, CDCs have become significant players in improving the quality of life and economic opportunities in many of the country's most distressed communities.

Community-based housing development organization (CHDO) is a designation created by HUD and required for the HOME program for nonprofit, community organizations providing affordable housing for low-income individuals and families. CHDOs are eligible for special HOME set asides (a minimum of 15% of the participating jurisdiction's HOME allocation) for

housing developed, sponsored and owned by CHDOs, including new construction, acquisition, and rehabilitation of rental housing.

Operations within metro Milwaukee

Across Milwaukee, numerous CDCs undertake projects and initiatives to improve area neighborhoods. Housing is usually one among a long list of organizational priorities, competing for limited staff time, attention, and funding. Little recent analysis exists on Milwaukee CDCs engaging in housing, but there is a feeling among local experts that few CDCs and CHDOs have sufficient capacity to undertake affordable housing development. The most recent formal analysis to shed light on CDC efforts was a 1999 study conducted by the University of Wisconsin-Milwaukee's Center for Economic Development, which looked at Milwaukee's CDCs' activities, budgets, and staffing with an eye to organization involvement in economic development. Interpolation of the research reveals 16 of the 49 CDCs profiled indicating some level of program or activity related to housing. Activities included rental rehabilitation, promotion of home improvement programs available through the City of Milwaukee, and transitional housing.⁴⁶

While CHDOs have a narrower focus on housing, Milwaukee's pool of CHDOs is limited. There are nine certified CHDOs in the city and one CHDO in the county that qualify for HOME funds. A further sign of the limits of local nonprofit housing developers is the recent designation by Milwaukee County of a Madison nonprofit, Movin' Out Inc., as its certified housing contractor to manage and develop low-income housing for people with disabilities in the county.⁴⁷

Capacity to impact problems and gaps outlined in Section I

CDCs across the nation have made a significant contribution to increasing the number of affordable housing units over the past 30 years, either through new construction or rehabilitation,⁴⁸ but Milwaukee-area CDCs that have attempted to focus on affordable housing have struggled. One potential explanation is that while many CDCs that work on social programs (homebuyer education, GED assistance, career assistance, etc.) and neighborhood improvements (streetscaping, lighting, trash removal, graffiti abatement, etc.) have low costs and government-subsidized budgets, and require modest staff expertise, CDCs focused on developing affordable housing require extraordinary upfront (predevelopment) cost outlays and highly specialized staff.

The upfront money needed to acquire and rehab housing units can severely challenge a small (or even a large) CDC, especially if the neighborhood cannot attract qualified buyers or the market

⁴⁶ It is important to note that the study assessed Milwaukee's CDCs economic development capacity and not housing. Any indications of a CDCs housing activity or mission were secondary. No similar study has considered Milwaukee's CDCs housing activities.

⁴⁷ "Madison Firm Could Develop Low-Income Housing in County," Milwaukee Journal Sentinel. March 9, 2009. Accessed from <http://www.jsonline.com/news/milwaukee/40986332.html>.

⁴⁸ National Congress for Community Economic Development. Reaching New Heights: Trends and Achievements of Community-Based Development Organizations, 2005 NCCED Census.

has an unexpected downturn. Also, the expertise needed to put together the planning and financing for new construction projects often is beyond the scope and far above the resources of most local CDCs. Some local CDCs that have collapsed under the weight of unsuccessful affordable housing projects include: Community Development Corporation of Wisconsin (1989 - 1999); Walkers Point Development Corporation (1980 - 2002); Neighborhood Housing Services (1979 - 2005); and, most recently, West End Development Corporation (1972 - 2008), which had to dissolve when it was unable to sell and lease the units and space in its latest project, the West Point condominium and retail project. These CDCs were all respected players who provided needed services and affordable housing units to their low-income communities, and their demise has left many civic leaders disenchanted with the concept of the CDC as a viable solution to community revitalization.

A 1999 study⁴⁹ of Milwaukee's affordable housing challenges issued three recommendations, which have yet to be heeded:

- Civic leadership emphasizing the importance of community development's role as neighborhood problem-solver.
- More attention and resources devoted to building organizational capacity among the community-based development organizations of Milwaukee.
- Key funders and financing sources must develop a more systematic approach to supporting projects, so that all organizations know how to access needed capital in a timely and cost-effective manner.

Lack of nonprofit capacity prevents Milwaukee from accessing Federal dollars and leveraging private investment. For example, two supportive housing programs administered by HUD—Section 811: Supportive Housing for Persons with Disabilities and Section 202: Supportive Housing for the Elderly—provide assistance to nonprofits to construct, rehab, or acquire properties to provide supportive rental housing for very low-income adults with disabilities and very low-income elderly. Interviewees note that the scarcity of CDCs and CHDOs with housing development and management experience has negatively impacted efforts to draw down these dollars, leaving resources on the table that could provide affordable housing to persons with special needs and other low-income populations.

On a more positive note, some local CDCs are undertaking strategies to boost affordable housing efforts without overextending organizational capacity. Several local CDCs have partnered with for-profit developers (e.g. Gorman & Company, Cardinal Capital, Commonwealth Development) and non-profit developers (e.g. CommonBond Communities, Heartland Alliance, Mercy Housing) to successfully develop and/or launch projects consistent with their mission. This approach takes advantage of the CDC's local ties to garner political support as well as public and philanthropic funding for the project, while utilizing the housing developer's financial capacity, infrastructure, and expertise to implement the project plan. Most important, the CDC is able to focus its efforts on service delivery rather than getting bogged down in the complex details of housing construction. Additionally, CDCs have been successful recently in reaching out to

⁴⁹ Weinheimer & Associates. "Overview of Milwaukee Community Development: Building Systemwide Solutions."

corporate sponsors (such as Harley Davidson and Wheaton Franciscan Health Care-St. Josephs Hospital) to revitalize the neighborhoods adjacent to the corporations.

In light of recently decreasing federal dollars for building new affordable housing and maintaining the existing stock, as well as the aging stock of affordable units in the private market, innovation has been a necessity. A report issued by the Brookings Institution⁵⁰ recommends that in addition to partnering with for-profit and non-profit developers and corporations, housing organizations need to “cultivate alliances with religious congregations, labor unions, environmental organizations, and others interested in smart growth.” This advice may be useful to Milwaukee housing organizations, some of whom have begun to build such alliances, including partnering with religious organizations.

Investor-Owners (landlords)

What are they?

Investor-owners range in size from small “mom and pop” landlords who own one or two duplexes or four-family units to larger private investors who own dozens of small and/or large multi-unit buildings.

Operations in metro Milwaukee

As in most cities, the majority of housing for low-income families and individuals in Milwaukee is provided through private landlords. Yet the ability of the private housing market to serve those individuals is called into question by the fact that Milwaukee continues to have a high vacancy rate—almost 10 percent—despite persistent overcrowding and homelessness among lowest income renters, and despite data revealing that Milwaukee rents are more affordable than many comparable cities.

As discussed in Section I, one answer may be the disconnect between federal affordability standards and the incomes of Milwaukee’s lowest income residents. The HUD Fair Market Rent for Milwaukee County is \$839 for a 2-bedroom unit with all utilities (excluding phone). However, the average unit of these “most affordable low-end” units is only affordable to a full-time (2000 hours per year) worker earning \$9.50 per hour and spending 50% of his/her income on rent and utilities (as shown in **Table 16**).

Analysis of advertised rental units shows a substantial number of 2- and 3-bedroom units on the market (an average of 191 2-bedroom and 73 3-bedroom units) with far fewer 4-bedroom units (nine) available at or below Fair Market Rent.⁵¹ Rents and utility costs for two-bedroom units

⁵⁰ Salamon, Lester M., ed. *State of Nonprofit America*. Washington: The Brookings Institution Press, 2002.

⁵¹ Analysis looked at three sources, Craigslist, *Milwaukee Journal Sentinel*, and Wisconsin Front Door Housing, online on March 11, 2009. It should be noted that the movement of apartment listings to the internet hinders low-income families, who often do not have internet access, in finding suitable housing.

average \$610 to \$670 monthly for a duplex and \$635 for an apartment.⁵² Despite availability of rents below HUD FMR, our analysis reveals that very few advertised units are affordable to low-income workers earning \$6.50, \$8.00 or even \$9.50 per hour. **Table 16** presents what the advertised rent for a two-bedroom unit would have to be in order for a low-income worker to be able to afford it at either 30%, 40% or 50% of his/her monthly income, after factoring in an estimated energy assistance subsidy.

Table 16: What a low-income household can afford for a two-bedroom unit

Hourly Wage	\$6.50	What Listed Rent would have to be B4 subsidized budget energy bill of \$100* ⁵³	\$8.00	What Listed Rent would have to be B4 subsidized budget energy bill of \$115*	\$9.50	What Listed Rent would have to be B4 subsidized budget energy bill of \$135*
x 2,000 hrs yr	\$13,000		\$16,000		\$19,000	
30%	\$325	\$225	\$400	\$285	\$475	\$340
40%	\$433	\$333	\$533	\$418	\$633	\$498
50%	\$542	\$442	\$667	\$552	\$792	\$657

Capacity to impact problems and gaps outlined in Section I

When we talked to property managers and representatives from property management firms about vacancy issues, they underscored what they believe to be two main issues: First, the City of Milwaukee already has enough housing for low-income families—the need is not for more rental units, but for higher family incomes. Second, an abundance of renters in this category are simply unqualified due to past evictions, extremely poor credit, or criminal histories including drug convictions. Another issue raised by property managers is the city’s reluctance to hold tenants accountable for nuisance-related violations (noise, trash, abandoned vehicles, loitering, drugs, etc.).

These issues seem to be reinforced by one large property management firm that advertizes many units that offer only a \$100 security deposit “to qualified tenants with documented 3 year good rental history.” Others offer the first month’s rent free to “qualified” tenants. Currently, landlords are held accountable and fined for the behavior of their tenants, which is standard procedure in most cities because the landlord holds the power to screen tenants and evict those who are non-compliant.

Local programs could impact the vacancy rate by attempting to increase the number of qualified tenants. For example, a “certified renter” program could educate potential tenants about their responsibilities, teaching them to become better tenants. “Certified renters” could produce

⁵² The lowest-cost duplexes had a monthly cost of \$525 to \$560 and the lowest cost apartment had a monthly outlay of \$555.

⁵³ Estimated balance of energy assistance is based on conversations with WE-Energies. The lower the income, the greater the assistance would be. These are rough estimate, as the formulas change based on the individual unit’s energy usage history.

decreased operating costs for property owners and more choices available to tenants with good rental histories.

Other policies could be aimed at assisting low-income families with rent in the private market. The City of Chicago has its own rental subsidy program to assist those earning below 30% of area median income. The program works much like the federally-funded Section 8 voucher program; however, it is funded at the local and state level through a Low-Income Housing Trust Fund. In 2007, the Trust Fund supported more than 2,800 affordable rental housing units, with more than 1,500 of those units rented to those earning below 15 percent of area median income. On average, the cost comes to about \$254 a month per unit – a cost that some argue is “a small price to pay to keep these families off of the streets and into decent housing.”⁵⁴ For more information, see section III.

In Milwaukee, while programs have been established to preserve current subsidized affordable housing (e.g. initiatives to avert expiring tax credit properties from going to market rate and use of HOPE VI funds to build or rehab new or existing units to replace aging public housing units), three quarters of the low-income families are served in the private sector in units with no housing subsidies. Thus, as funding for new affordable housing becomes more difficult to access, there is a risk that the affordable housing gap will be exacerbated if a significant portion of private-sector affordable housing is lost to disinvestment, demolition or abandonment. Although much of Milwaukee’s older housing stock is not in sufficient condition to adequately serve poor families, losing this stock in the absence of replacement units would result in increased overcrowding and homelessness issues, just as the tear-down of inadequate single-room occupancy units years ago contributed to greater homelessness.

One way to improve the current housing stock is to encourage private investor-owners to maintain and upgrade their rental properties through low-interest loans and forgivable grants to those who agree to rent to low-income families. This is a strategy for sustaining aging affordable rental housing stock, which would otherwise be lost to deterioration, abandonment, and disinvestment if investor-owners do not have access to capital. Also, with the increasingly high cost of energy—a burden often passed entirely to the renter—an emphasis could be on making units more energy efficient.

In Milwaukee, the Redevelopment Authority of the City of Milwaukee (RACM) has a Targeted Investment Neighborhood (TIN) program that encourages landlords to invest in their rental property through the Rental Rehabilitation Loan Program, which offers forgivable loans of up to \$10,000 for improvements to rental properties.⁵⁵ A shortage of funding prevents this well-intentioned program from meeting the enormous needs of the city’s aging rental housing stock.

⁵⁴ John Petro, “Progressive Urban Model Policies: Chicago’s Rental Housing Fix,” DMIBLOG, 9/29/2008. Accessed at www.dmiblog.com/archives/2008/09/progressive_urban_model_police_1.html

⁵⁵ The Rental Rehab Loan Program offers forgivable loans for rehabilitating rental properties located in a TIN. Generally units must have at least 2 bedrooms to qualify. Provided they meet other program requirements, landlords are eligible for forgivable loans of up to \$10,000 per unit. The loans bear no interest rate, and after 5 years they are forgiven. The owner must provide at least one matching dollar for each Rental Rehab dollar received. For example, a 2/2 duplex would be eligible for up to \$20,000 of Rental Rehab dollars if the landlord

SUMMARY OF KEY FINDINGS

Milwaukee's community development organizations lack the capacity to play a large role in the creation of affordable housing solutions. Without a strategy to coordinate, increase and target private investment in affordable housing, development will continue to be ad hoc. Meanwhile, without stable sources of financing, affordable housing projects will be deemed too uncertain or risky for most private developers. As discussed in the first half of this section, unless more public financing somehow is made available to create this stability, additional private investments will be needed. To attract private investors, an integrated housing strategy and streamlined governance would be helpful.

The following summarizes key findings from this section:

Key finding #1 – Public efforts are fragmented. The multiplicity of public programs is confusing for both housing developers and investors, as well as for low-income renters. The fragmentation and arbitrary jurisdictional boundaries of these programs negatively impact regional systemic planning and policymaking.

Implication: There is a need for more unified governance in select programmatic areas such as Section 8 vouchers to help increase service quality and impact.

Key finding #2 – The funding needs for affordable housing production, rehab and services is too large to be satisfied by public dollars alone. While private donations in the form of corporate giving and foundation grants could help fill this need, these dollars also likely will not be nearly enough.

Implication: To build a sizeable pool of private capital to fund affordable housing in the Milwaukee market, investment (as opposed to donations) is needed. Without a CDFI or pooled investment fund channeling private finance and making focused investments in affordable rental housing, development will continue to be ad hoc, unpredictable and insufficient.

Key finding #3 – There appears to be little stability, capacity or predictability in Milwaukee's current community development system. The result is a multiplicity of housing entities and funding streams but limited capacity to respond to Milwaukee's affordable housing dilemma.

Implication: The region might be able to attract more private and public investment if Milwaukee had a more coordinated and integrated affordable housing strategy. To this end, there appears to be a unique window of opportunity to build off the successes of the City-County Commission on Supportive Housing.

spends at least \$20,000 of his or her own (bank loan, cash, etc) funds. The landlord is required to spend his/her money first. Exterior code-related repairs such as roofing, siding, porch repairs; lead paint abatement including replacement windows; energy conservations; plumbing, electrical, heating; kitchen, bath, and other remodeling are possible.

SECTION III: PROMISING PRACTICES

In this section, we highlight some programs employed by other cities and regions to make housing more affordable for low-income citizens. Although none offer an all-encompassing solution to Milwaukee's housing challenges, these practices might be applicable to those seeking solutions to Milwaukee's affordable housing needs. We describe five categories of promising practices: financing, capacity building, housing trust funds, special needs, and innovative ideas.

FINANCING

Cities that possess a Community Development Financial Institution (CDFI) with the infrastructure, expertise and capacity to attract private investment have a sharp tool in their affordable housing toolbox. Milwaukee currently lacks a CDFI that focuses a significant portion of its time and resources on affordable housing, and thus misses out on opportunities to leverage investments from banks and other institutions that need to comply with federal Community Reinvestment Act requirements. While many CDFIs focus more holistically on community development projects (affordable housing, day care centers, small business development, schools, etc.), we feature two CDFIs that focus solely on creation of new and rehabbed affordable housing: Chicago's Community Investment Corporation (CIC), which serves the City of Chicago and surrounding areas; and the Community Preservation Corporation (CPC), which serves New York, New Jersey and Connecticut.

Chicago's Community Investment Corporation (CIC)

CIC is a "pooled-risk mortgage lender specializing in multi-family rehab in lower-income neighborhoods" that caters to "hands-on, cost-effective rehabbers/owners who are able to operate in low-income areas with little or no subsidy." CIC services include: standard loan products (80% of appraised value, 25- and 30-year loans and 20-year ARMs); fixed-rate loan products (10-, 15-, 20- and 30-year terms); a flex-fund program (liberal underwriting in areas with low appraisals despite reasonable cash flow and debt coverage); a controlled-subsidy program (small subsidies of up to \$5,000 per unit for rehabs); and working capital loans (for small contractors and owners acting as general contractors). Additionally, CIC runs a property management training program, a "troubled buildings initiative" (receivership of the worst buildings to provide rehab and management expertise), and an energy savers fund (for owners who make capital improvements to save on energy costs).⁵⁶

Incorporated in 1984, CIC has expanded from an initial \$17 million operation from 14 investor banks to a \$556 million revolving loan pool with 50 investors in 2007. According to its web site, "CIC has made 1,405 loans resulting in the rehab of 39,000 units, and \$820 million in loans to about 110,000 Chicago area residents" since its founding. Projects receiving CIC funding are targeted to serve Chicago's low-income families. In 2007, the rent for 100% of the units receiving CIC loans was affordable to renters earning below 60% of the area's median-income, and 88% of the units were affordable to renters earning below 50% of the area's median income.

⁵⁶ CIC 2008 Fact Sheet. Accessed at <http://www.cicchicago.com/htdocs/about/documents/2008FactSheet.pdf>

New York's Community Preservation Corporation (CPC)

CPC makes construction, rehab, and refinancing loans in New York, New Jersey and Connecticut. It provides start-to-finish support and technical assistance for public, private and non-profit developer-borrowers, with “no deal too large, small or ‘unconventional’ for consideration.”⁵⁷ CPC’s structure as a CDFI allows it to provide loans for difficult-to-finance properties that might not otherwise qualify for standard bank financing, including very small properties and properties that may need subsidies.

The organization began as the non-profit New York City Community Preservation Corporation in 1974 to address problems with housing abandonment and deterioration in two city neighborhoods. The project expanded to 19 Neighborhood Preservation Areas by 1978 and “financed the rehabilitation of thousands of deteriorated and dilapidated apartments in uptown Manhattan, the Bronx, and central Brooklyn, and worked with government to reclaim devastated neighborhoods in Harlem, the South Bronx, and East New York.” Throughout the 1980s and 1990s, CPC expanded its service area to include other underserved areas of New York City and the states of New York, New Jersey and Connecticut. CPC works with local communities to build and preserve affordable housing, as well as to redevelop deteriorated downtown areas to create new housing opportunities.

Initially formed by an alliance of New York City's leading commercial banks and later savings banks, CPC was capitalized via two subscription agreements (a revolving credit agreement and a collateral trust note purchase agreement from its member banks), providing predictable and stable, yet flexible, funding. CPC has been self-sufficient since 1979 and has attracted other investors beyond the traditional banking community, including pension funds and secondary market institutions. As of 2007, CPC was supported by 80 member banks and insurance companies. Since 1974, CPC has made almost \$7 billion in loans and financed 150,000 affordable housing units.

CAPACITY BUILDING

Community development corporations (CDC) play an important role in preserving existing and creating new affordable housing in Milwaukee; however, because Milwaukee’s CDCs are small, they have had limited success in taking on large real estate transactions or even piecemeal acquisition and rehabilitation projects. In addition, CDCs often lack the technical expertise and capacity of for-profit developers. Notes one researcher, “The specialized skills required to develop and manage assisted housing developments make these nonprofits hard organizations to staff and put them at constant risk of becoming alienated from the communities they are seeking to serve.”⁵⁸

Strengthening the capacity of CDCs has yielded results in other cities, but because 75-80% of the low-income housing needs are met in the private market in Milwaukee, training and technical

⁵⁷ www.communitypc.com

⁵⁸ Salamon, Lester M., ed. *State of Nonprofit America*. 2002. P. 220.

assistance that assists small private investors also is needed. Other cities have found that a “one-stop” technical assistance agency can be an effective capacity-building tool for CDCs and investor-owners. Below we discuss the Chicago Rehab Network’s efforts to provide technical assistance and training to build CDC capacity. We also highlight two efforts that encourage private investment. The first is a program sponsored by New York’s Community Preservation Corporation that targets competent building superintendents and assists them in purchasing the buildings they supervise or other for-sale properties, and the second is a local program that encourages homeowners to invest in rental properties in their own neighborhoods.

Chicago Rehab Network (CRN)

CRN is a nationally recognized organization⁵⁹ that provides training and technical assistance for Chicago’s established and emerging community-based housing developers and CHDOs so that they can increase the supply of affordable housing. The organization also is leading an effort to prevent the loss of Chicago’s existing affordable housing stock through its Section 8 preservation initiative. To further support affordable housing efforts, CRN conducts research on affordable housing needs and advocates for housing policy on the city, state and federal level.

CRN’s web site characterizes it as a “citywide coalition of neighborhood and community based development organizations. Founded in 1977 by community groups seeking to pool expertise and share information, the coalition membership consists of over 40 housing organizations representing over 60 city neighborhoods. Over the years CRN’s members have created tens of thousands of affordable housing units and made a visible impact on some of Chicago’s most disinvested communities, while preserving affordable housing in some of its most rapidly gentrifying ones.”⁶⁰ The CRN is currently funded by a consortium of more than 20 banks, foundations, and public funding sources. The current coalition membership ranges from small, one-person offices to large citywide service providers.

Community Preservation Corporation

As discussed above, the CPC provides construction, rehab and refinancing loans in New York, New Jersey and Connecticut and various support and technical assistance for borrowers. The CPC also has implemented a unique marketing tool designed to attract and persuade building superintendents and property managers to become owners of multi-family buildings. Because many typical investors often have no real first-hand experience with the responsibilities that come with managing multi-family properties, and little ability to perform standard maintenance tasks, the CPC seeks out existing building superintendents and property managers who have that knowledge and experience and seeks to teach them the finance end of the business. The program is good business for the lender, because it not only draws new investors into the affordable housing market, but brings in investors whose hands-on property management experience gives them the best chance of success.

⁵⁹ 2006: When the John D. and Catherine T. MacArthur Foundation decided to honor nine organizations with its new “Creative and Effective Institutions” awards, only two U.S.-based groups were chosen. The Chicago Rehab Network was one of those groups.

⁶⁰ www.chicagorehab.org

City of Milwaukee

The City of Milwaukee has a “Buy in Your Own Neighborhood” program that attempts to entice homeowners to buy a rental property within three blocks of their (owner-occupied) home. The city helps finance up to 20% of the buyer’s down payment, requiring only a 10% downpayment by the purchaser on an investment property that typically requires a 25 to 30% downpayment. Program participants also have access to landlord training and forgivable loans for eligible rehab repairs. The idea is to attract investors who are committed to a neighborhood with the hope they will be better landlords than absentee property investors. The program is available in target neighborhoods that lack sufficient private investment. The city provides landlord training to help ensure the investor’s success. The major disadvantage to this program is that there are limited funds and the program is available in only a small number of Targeted Investment Neighborhoods (TINs). Also, the city’s landlord training program only addresses landlord-tenant issues, and the training component could be enhanced to provide assistance to small landlords in other aspects of the business such as accounting, property management, property maintenance and financing.

HOUSING TRUST FUNDS

According to the 2007 Housing Trust Fund Progress Report from the Housing Trust Fund Project, conducted by the Center for Community Change, “nearly 600 housing trust funds in cities, counties and states generate more than \$1.6 billion a year to support critical housing needs... They exist because community organizers, housing advocates and elected officials alike have agreed that a permanent stream of revenues for affordable housing should be a public priority.” Greater Milwaukee has made significant progress in this regard in recent years with creation of the City of Milwaukee’s Housing Trust Fund and two similar funds at the county level, but none of those efforts has been accompanied by predictable and secure funding sources, as we discussed in Section II. In addition, the dollar amounts that have been appropriated so far, while impressive in light of overall city and county budget challenges, pale in comparison to the county’s affordable housing needs. Below we highlight four housing trust funds operating in metro areas comparable to Milwaukee that have achieved the stability and scale desired by advocates of these efforts.

Indianapolis, Indiana

The Indianapolis Housing Trust Fund is administered by Indianapolis’ Department of Metropolitan Development. According to Housing Trust Fund Progress Report, the fund “provides assistance in the form of low interest loans, loan guarantees, and grants to improve housing access and affordability, as well as improve neighborhoods by preserving and revitalizing existing housing and developing new housing.”

The Indianapolis Housing Trust Fund offers a flexible funding source to support the metropolitan area’s need for affordable housing. Like Milwaukee, Indianapolis has an available housing stock, but gaps exist in serving very low-income households. The housing trust fund’s structure allows the Trust Fund Advisory Board to target assistance to programs serving those at 80% of

Median Family Income (MFI), with at least 50% of the funding serving those below 50% of MFI.

A variety of projects including rental supports, development or acquisition of rental units, and homeownership programs have received grants through the fund's RFP process. Through the end of 2008, the Indianapolis Housing Trust Fund had allocated almost \$3.6 million, with 31% going to rent assistance projects. The form in which rental assistance is delivered varies based on project provider. However, assistance usually takes the form of one-time or short-term emergency assistance coupled with supportive services such as focused case management. Some programs offer longer-term rent assistance to target specific populations, such as women exiting the corrections system and pregnant or new mothers living on the edge of homelessness.

While the fund was formed in 2002, it was not funded until 2005 with \$300,000 from the city. In 2006, the city council approved an ordinance that provided the first permanent and regular funding source for the trust fund by allocating revenues associated with the electronic filing of property sales disclosure forms. That revenue source is expected to generate up to \$300,000 per year. In 2007, the Health and Hospital Corporation of Marion County, a municipal corporation that runs the county's health services department as well as a hospital, agreed to invest \$1 million per year in the housing trust fund, bringing the total to an estimated \$1.3 million per year.⁶¹

Chicago, Illinois

Started in 1990, Chicago's Low-Income Housing Trust Fund focuses on increasing affordable rental housing for the city's lowest income households by providing rent subsidies, targeted developer financing and a supportive housing program. A combination of sources capitalize the fund, including 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.⁶²

The Housing Trust Fund's primary focus is providing rental subsidies directly to landlords. The Rental Assistance Program allocates at least 50% of its rental subsidies to serve households earning less than 15% (\$11,310) of AMI and the remainder to households earning between 16 and 30% of AMI (\$22,600). In this place-based strategy, tenants pay a flat rent to the landlord. The city then pays the landlord (either nonprofit or for-profit) a subsidy equal to the difference between the flat rent and agreed-to market rent for the occupied unit.⁶³ To prevent landlord reliance on the housing trust fund for income, properties are limited to receiving rental assistance for no more than one third of a property's units.

⁶¹ *Indianapolis Housing Trust Fund Gets \$1 million Annual Boost*, press release, March 23, 2007.

⁶² *Case Study: Chicago's Low-Income Housing Trust Fund*, HousingPolicy.org, http://www.housingpolicy.org/toolbox/strategy/policies/housing_trust_funds.html?tierid=165.

⁶³ 2007 Rental Subsidy Application, http://egov.cityofchicago.org/webportal/COCWebPortal/COC_ATTACH/2007RSPApplicationNov2006.pdf.

During 2007, 2,548 units received rental assistance at a subsidy of \$11,297,262, or approximately \$370 per month per unit. The application process for new landlords has been closed since 2007 with all current funds being allocated for existing landlord agreements. Additional units were added in 2008 when additional funds were awarded through the State of Illinois Rental Housing Support Program.⁶⁴

To further increase the supply of affordable rental housing, the Affordable Rents for Chicago (ARC) program, using a portion of HOME Investment Partnership money, awards developers “non-interest bearing loans on multi-unit rental buildings acquired or rehabilitated for low and moderate income housing.”⁶⁵ This forgivable loan can replace up to 50% of a developer’s first mortgage. Cost savings are to be used to reduce rents for low-income tenants earning no more than 30% of AMI.

Chicago’s Housing Trust Fund also supports a continuum of care strategy to provide supportive housing and efforts to reduce developers’ cost to provide affordable rental housing. The fund’s Supportive Housing Program combines rental subsidies and services to assist individuals and families in transition from homelessness to permanent housing.

Columbus/Franklin County, Ohio

Established as an independent, nonprofit corporation in 2001, the Columbus/Franklin County Affordable Housing Trust Fund provides low-cost loans to for-profit and nonprofit housing developers who create rental and homeownership opportunities for low-income families. Projects include new construction and rehabilitation with the goal of serving “older and overlooked” areas of the city and county and stimulating housing development near employment centers. The Housing Trust reports it has spurred the development and redevelopment of 1,772 homes and apartments in the City of Columbus and Franklin County since it began.

The Housing Trust is particularly noteworthy because of the joint support provided by the City of Columbus and Franklin County. According to the fund’s president, Steve Gladman, creation of the fund started with the city of Columbus with full backing of the mayor. Franklin County support followed with initial funding from the county’s general fund. In an effort to minimize fluctuation in the county’s contribution due to changing budgetary constraints, Franklin County has since committed a portion of real estate transfer fees to capitalize the fund. Currently, Franklin County dedicates half of a \$1.00 increased real estate transfer fee to the fund while the City of Columbus provides a portion of hotel/motel taxes annually to maintain the fund’s capitalization.

Having a stable dedicated funding source and flexibility in loan underwriting enables the Housing Trust to serve a wider population and target its loan support, according to Gladman. Housing Trust staff work with developers to help make their projects viable. The fund offers

⁶⁴ Accepting the Challenge: Chicago’s 5 Year Affordable Housing Plan for 2009-2013.

⁶⁵ Chicago Low-Income Housing Trust Fund: Affordable Rents for Chicago Program Description and Application, February 2005.

construction, acquisition, and bridge loans as well as gap financing and technical assistance. The Housing Trust's board of directors, made up of retired bankers, developers, and housing advocates who are jointly appointed and approved by the city and county, review and approve projects that meet basic lending and affordability requirements. Financing generally supports projects serving families up to 80% of AMI (\$51,000).

In 2007, the fund made \$7.3 million in loans. While the fund does not receive private investment (outside of some grants), it leveraged \$36.1 million in outside investment in 2007.⁶⁶ As a revolving loan fund, the Housing Trust Fund is growing each year. Last year was the first that the fund was self-supporting in that it was able to cover all of its administrative costs without tapping into funds from the city or county.

King County, Washington

One of the most commonly cited housing trust funds is a fund administered by King County, Washington's "A Regional Coalition for Housing (ARCH)." Located in the Seattle region, ARCH is an organization created and funded by 15 cities and King County "to preserve and increase the supply of housing for low and moderate income households in Eastside King County."⁶⁷ It seeks to accomplish that mission by coordinating resources and technical assistance for affordable housing developers throughout the region.

One of ARCH's primary functions is to administer the ARCH Housing Trust Fund, which has made more than \$23 million available to fund more than 2,300 units of affordable housing in East King County since 1993. These funds have been made available as both grants and low-interest contingent loans. Trust fund revenues are derived primarily from general fund and CDBG contributions from member municipalities.⁶⁸ The fund also is capitalized by payments by developers, loan repayments, interest earnings, and in-kind contributions from member municipalities such as fee waivers, infrastructure improvements, and contributions of land.

ARCH serves as the coordinator for the housing trust fund, assisting member jurisdictions in developing coordinated housing policy and matching prospective affordable housing developers with available funding. ARCH accepts financing applications and works with developers as they prepare applications and monitor awards. However, projects receiving funding are under contract with individual jurisdictions, which provide funding through a request for proposal process. Projects generally are matched with funding sources based on jurisdictional location, thus ensuring equitable distribution of funding and housing units between member jurisdictions. Parity formulas help guide municipal contribution to the trust fund based on city size and expected job and housing growth. According to ARCH's program manager, the parity goals coupled with yearly updates on municipalities' progress in meeting these goals "helps to create a spirit of the municipalities wanting to do their share in providing affordable housing to serve the region."

⁶⁶ The Housing Trust, 2008 Annual Report, <http://www.thehousingtrust.org/2008AnnualReport.pdf>.

⁶⁷ ARCH website 3/18/2009.

⁶⁸ ARCH website 1/28/2009.

Grants and loans are distributed through a twice yearly request for proposals process, which emphasizes awarding applications that meet duration of affordability standards; serve low-income (50% of AMI) and moderate-income (80% of AMI) households; and address housing needs of targeted populations (56% families, 13% homeless, 19% elderly, and 12% special needs). Previous applicants include nonprofits, private for-profit developers, PHAs, and public development authorities, with partnerships strongly encouraged. Eligible activities include acquisition, pre-development costs, rehab, new construction, site development, direct tenant assistance programs and mixed income developments. Developers working with ARCH also may receive assistance through Impact Capital, a Washington State CDFI that also provides technical assistance.

ARCH's success has been attributed by outsiders to four key strategies: 1) Coordination and Leveraging (coordinating public resources and attracting private and non-profit investment); 2) Information Sharing (pooling technical resources and information across jurisdictions); 3) Technical Assistance; and 4) Community Participation and Leadership (promoting community involvement, information gathering and sharing and strengthening leadership).⁶⁹

ARCH, meanwhile, attributes its accomplishments to its success in engaging a wide variety of diverse stakeholders to shape its direction. According to the organization's program manager, "The most important players are the community members who now sit on the advisory board, because they decide where the money goes. The next most important players are the business communities and local business chambers because they have a unique opportunity to share resources. Third, we build relationships with our grantees and support their housing projects beyond the funding allocation. The success of our housing trust fund lies in the participation of all these players."⁷⁰

OTHER INNOVATIVE IDEAS

Corporate Neighborhood-focused Investments

The City of Milwaukee Targeted Investment Neighborhood (TIN) program has been successful in bringing much-needed resources to areas in need. A model corporate partnership is the Harley Davidson TIN, centered in the eight-block neighborhood encompassing the Harley Davidson Corporate Headquarters. Since 2005, with substantial grants from the Harley Davidson Foundation, more than \$2 million in public and private resources have been invested in the Harley-Davidson TIN, paying for rehabilitation, home improvement, and neighborhood improvement projects.

On a larger scale, the Phillips Partnership in Minneapolis is spurring investment in the neighborhood surrounding Abbott Northwestern Hospital. The initiative was created in 1997 to "improve the long-term livability and health of the Phillips neighborhood." The Partnership includes Abbott Northwestern Hospital, Wells Fargo Bank, Hennepin County, the City of

⁶⁹ www.policylink.org/EDTK/HTF/action.html

⁷⁰ *ibid.*

Minneapolis, the Metropolitan Council, Children's Hospitals and Clinics – Minneapolis, the Minneapolis Foundation and Fannie Mae.⁷¹

According to the hospital website, the Phillips Partnership has mobilized more than \$30 million for investment in four core strategies: Public Safety, Jobs, Housing and Infrastructure. The housing strategies have included raising \$7.5 million for single-family and multiple-family housing improvements in an eight-block area west of Abbott Northwestern Hospital; rehabilitating 24 affordable apartments and funding exterior improvements on 69 other homes; and creating 360 new units of mostly affordable housing. Other initiatives include building 52 new owner-occupied homes to replace substandard rental housing.⁷²

Foundation-based Housing Initiatives

The Fairfield County Collaborative Fund for Affordable Housing was created in 2006 by a consortium of mostly foundations and a few banks with a goal of increasing “the production of quality, affordable housing in Fairfield County [Connecticut] as well as preserve existing housing stock” by providing nonprofit housing developers with “general operating support grants, technical assistance, and organizational development services.”

After pooling their collective resources, the consortium selected the Local Initiatives Support Corporation-Connecticut (LISC) to manage the fund. The local consortium of private funders “have specifically developed this Collaborative Fund to support nonprofit housing developers, assisting them to increase housing production, preserve existing affordable housing stock, and develop community partnerships in support of affordable housing throughout Fairfield County.” LISC is responsible for managing the grants and grant-making process, providing technical assistance to grantees, managing funder relations, and identifying new funding opportunities. All funders actively participate in the grant making process.

Section 8 Voucher Homeownership and Family Self-Sufficiency Programs

Helping families achieve economic self-sufficiency is one way to encourage families to graduate from the Section 8 voucher program. HUD sponsors two initiatives connected with Section 8 that are designed to promote economic self-sufficiency for program recipients. The underutilized 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, while the family self-sufficiency program encourages communities to develop local strategies to help voucher families obtain employment that will lead to economic independence and self-sufficiency.

Local variations on these programs include the DuPage Housing Choice Homeownership Program in DuPage County, Illinois, and the Massachusetts Family Self-Sufficiency Program. The DuPage Housing Choice program provides low-cost home mortgages to current voucher (or

⁷¹ www.abbottnorthwestern.com/ahs/anw.nsf/page/community_phillips

⁷² www.phillipspartnership.org/housing.html

eligible) families who earn 30 to 50 percent of the area AMI, or a maximum of \$35,500 per family. The minimum family income is \$10,300. The program relies heavily on pre- and post-purchase counseling as well as an emergency fund that allows homeowners to apply for a grant of one mortgage payment for repairs up to \$1,000. Additionally, the Robert Christ Fund allows eligible clients to apply for an emergency, no-limit loan to cover emergencies such as a furnace replacement.

The Massachusetts Family Self-Sufficiency Program (FSS) is a voluntary five-year program for families receiving Section 8 vouchers. The program helps families become financially independent by assisting them in obtaining employment designed to eliminate their need for public assistance. The PHA case managers work with local agencies to help FSS families define their goals and set up a plan to achieve them. Goals may include a good job, homeownership, college, and/or starting a business. An important component of this plan is to remove the disincentives to increasing income – when a family's income goes up, the PHA puts the money that is supposed to go to added rent payments into a special FSS bank account. The family receives the money when it completes the program.

SECTION IV: POLICY OPTIONS

KEY FINDINGS FROM SECTION I

- 1. Milwaukee's affordability crisis is driven by low household incomes, not high rents.**
Implication: Although not the focus of this study, any affordable housing strategy in Milwaukee would not be complete without a specific strategy to bolster low incomes.
- 2. Milwaukee's housing affordability crisis is most severe among extremely low income households—those households making less than 30% of the Area Median Income.**
Implication: Aiming future comprehensive efforts to improve housing affordability in the Milwaukee area at the needs of Milwaukee County's lowest income earners would be the most impactful policy.
- 3. The vast majority of Milwaukee County's low-income renters do not receive public rental subsidies or live in public housing.** *Implication: The private rental market must meet the needs of this population, likely requiring more investment into the production and rehabilitation of quality rental units for the lowest end of the income scale.*
- 4. The health of Milwaukee's current private rental stock is failing.** *Implication: More investment into the rehabilitation of privately-owned duplex and multifamily rental units affordable to those families at the lowest end of the income spectrum is needed.*

KEY FINDINGS FROM SECTION II

- 1. Public efforts are fragmented. The diversity of public programs is confusing for both housing developers and investors, as well as for low-income renters.**
Implication: There is a need for more unified governance in select programmatic areas to help increase service quality and effectiveness.
- 2. The funding needs for affordable housing production, rehab and services is too large to be satisfied by public dollars alone.** *Implication: Without a CDFI or pooled investment fund channeling private finance and making focused investments into affordable rental housing, development will continue to be ad hoc, unpredictable and insufficient.*
- 3. There appears to be little stability, capacity or predictability in Milwaukee's current community development system.** *Implication: The region might be able to attract more private and public investment if Milwaukee had a more coordinated and integrated affordable housing strategy.*

The key findings from our analysis of the current state of affordable rental housing in Milwaukee County and current efforts to improve housing affordability present two fundamental challenges to policymakers: 1) Reaching those most in need of affordable housing – the extremely poor; and 2) Maximizing the effectiveness of current public investments.

The overarching conclusion from Section I is that Milwaukee’s extremely poor households have significant difficulty accessing adequate housing not because rents are inordinately high, but because their incomes are so low. How to improve wages is an issue beyond the scope of this report, but obviously should be debated as part of any comprehensive effort to increase housing affordability. Meanwhile, until or unless incomes can be increased, improved access to rental subsidies for the extremely low income may need to be considered.

We also have found that there is a lack of units available to the extremely poor, which results primarily from two factors: the “squeeze” that results from families with slightly higher incomes renting units that would have been affordable to the extremely low-income; and the poor condition of many of the units on the private market. It is also worth noting that the squeeze documented in Section I undoubtedly has been exacerbated by the recent foreclosure crisis, which has caused large numbers of former homeowners to enter the rental market and some renters to be displaced because of foreclosed rental properties. Increased unemployment also adds to the pressures as households look for lower-cost housing to make ends meet.

Because most low-income families do not receive rental subsidies nor live in public housing units, maintaining and improving the condition of the current stock of affordable private rental units is paramount. Also, despite our finding that a sufficient number of units do exist, there may be a need for some new construction, either to replace deteriorated stock or to serve underserved areas. New construction, and rehabilitation of existing units, raises the question of funding: How can private investment best be maximized and leveraged? How can the community keep the private sector engaged in affordable housing during an economic downturn?

Notwithstanding the need to address issues of private sector participation, another critical step in increasing housing affordability is to ensure effective use of the public resources that are available for that purpose. Maximizing effectiveness will necessitate maximizing efficiency. In Section II we find there may be opportunities for consolidation among the public housing programs at work in Milwaukee County.

But perhaps more imperative than streamlining program administration is optimizing the use of public dollars by ensuring they are linked to an integrated, comprehensive affordable housing strategy. We suggest that such a strategy should be designed to provide additional affordable housing capacity and to specifically focus on the needs of extremely low income residents who are not being served by current public programs and the private market.

POLICY OPTIONS

The following policy options are not mutually exclusive and, in fact, might work best if implemented in conjunction with one another. Some are similar to prior policy efforts in Milwaukee and some have yet to be tried here.

1. **Convene a permanent affordable housing planning committee** made up of a vast range of stakeholders – city, county, non-profit community groups, financial institutions, business leaders, social service organizations, local HUD office representative, etc. Modeled after the 1987 Low Income Housing Task Force (see below), the 2006-07 Special Needs Committee, or even the Joint Review Board that screens planned tax-increment districts, this could be a permanent committee of people willing to work together to achieve a common policy goal, despite, or in conjunction with, whatever individual goals they or their employers may have. The foundation for this permanent committee might be found in the permanent Special Needs Housing Commission, or it could be created from scratch. However it is formed, the function of this committee would be to identify the most immediate affordable housing needs, predict long-term needs, and set common policy goals for meeting those needs.

The county planning committee also could work collaboratively with a newly formed committee overseeing development of a regional housing plan by the Southeast Wisconsin Regional Planning Commission, with a focus on establishing county-specific policy goals that will help achieve the goals of the regional plan.

History of similar efforts in Milwaukee:

The Low Income Housing Task Force (1987) – The Task Force and corresponding report had four sponsors: the City of Milwaukee, the Greater Milwaukee Committee, the Task Force on Emergency Shelter and Relocation, and the Greater Milwaukee Conference on Religion and Urban Affairs. The Task Force was a seven-month initiative that functioned as a comprehensive planning and governing body and charged other entities with implementing the recommended action plan. The Task Force identified three priorities:

1. Family housing (low-income single parents with children)
2. Single room occupancy housing (low-income single adults)
3. Chronic mental illness.(social service and housing needs)

The Task Force served as a convener of public, private and nonprofits on ways to coordinate public and private resources to address affordable housing needs. The committee's findings helped spur creation of the Milwaukee Neighborhood Partnership Initiative and the Milwaukee Housing Assistance Corporation that focused on city-wide housing development. In addition, the recommendations of the Task Force included the formation of a state-wide Housing Trust Fund, the endorsement of the Wisconsin Partnership for Housing Development (see

recommendation #2 below), and further coordination in the area of housing for the chronically mentally ill.

- 2. Establish an infrastructure (either built on existing agency capacity or new) to coordinate private investment capital from local and non-local lending agencies, foundations and corporations as they work with existing CDFI and CDC agencies.** The agency providing this infrastructure is most often a large CDFI focused on housing in other cities. It may or may not need to be a CDFI, or even one agency, in Milwaukee. The main requirement is that the work of the planning committee have a “home” in which common broad policy goals are coordinated with the more local or niche work of existing CDFI and CDC organizations. If the planning committee is to be tasked with developing policy, there must be a system in place for implementing the policy recommendations by structuring financing deals, coordinating projects, and streamlining governmental relations.

As in some other cities, a pool of “shared risk” private capital could be created, once this infrastructure is in place, to finance rental construction or rehab projects that further the community-wide goals established by the planning committee. In addition, technical assistance to build the real estate development acumen of area investor-owners and/or community development groups could be coordinated within this infrastructure.

While the planning committee’s goals could be implemented without one large CDFI as the lead organization, financial stability and predictability, like that found in the Chicago CIC, seem key to attracting private investment and financing long-term housing solutions. A combination of city, county and private components leverage private, foundation, and government monies. Because only CDFIs are eligible for some types of federal dollars, coherence among CDFI agencies is needed in Milwaukee to provide financing that covers the entire market, both geographically and functionally. In addition, the coordinated technical expertise and support that could be hosted in a broad-based CDFI would be important in order to link the focused work of specialty agencies with the county-wide goals of the planning committee.

History of similar efforts in Milwaukee:

Housing Partnership Corporation (HPC) – Operating from 1987 to 1999, the HPC was a lending consortium that secured initial commitments of \$7 million from 13 private corporations and public agencies to capitalize a Milwaukee-based revolving loan fund. It subsequently recruited new participants and secured additional commitments totaling another \$15 million. The HPC coordinated underwriting and closing of \$18 million in loans on 1,000 homes and apartments.

Housing Equity Fund, Inc. (1989-1999) – This was a partnership of Milwaukee corporations who committed more than \$20 million over nine years to make equity investments in housing projects under the federal Low-Income Housing Tax Credit program.

HPC and the Housing Equity Fund provided targeted funding for affordable housing. While both funds have ceased operation, the substantial private and public contributions amassed illustrate a community commitment to affordable housing. The partnerships broke new ground in Milwaukee, spurring collaboration between private investors and subsequent investment in Milwaukee's neighborhoods, creating safe and affordable housing. Despite these successes, the effort disbanded as a result of waning investor confidence and loan losses as many nonprofit housing developers failed in the 1990s. In developing a new or building on existing financial intermediaries to meet broad-based affordable housing goals, leaders must be cognizant of the disillusionment that accompanied the termination of these and other past initiatives. This will mean re-engaging private investors and other stakeholders and creating confidence in the system or entity taking on this task.

3. **County contract with City to administer Section 8.** The Housing Authority of the City of Milwaukee (HACM) could manage the county's Section 8 program under a contractual agreement with the county. Rather than a full consolidation of the city's and county's Section 8 programs, which would most likely have large upfront merger costs and would face thorny logistical obstacles, this scenario offers the following advantages:
 - **Quality of service:** Because HACM can offer more "wrap-around" support service for clients, housing problems could be treated more holistically.
 - **Optimal use of federal money:** By taking advantage of economies of scale, administrative efficiencies could be realized and more money could be available for vouchers.

Because the county has experience contracting out other services, this would not be breaking new ground and could be modeled after the most successful county service contracts. By utilizing HACM as a vendor, the county would retain authority and accountability for its Section 8 funds while realizing administrative efficiencies.

Whether or not this type of collaboration would result in greater access to affordable housing is not certain and should be studied further. However, a similar partnership is being explored between the city of Madison and Dane County and could have lessons for Milwaukee.

4. **Secure stable public funding source for a consolidated city/county housing trust fund.** The vast majority of housing trust funds in the U.S. have a stable public revenue source. Examples of trust funds that have been successful in attracting private funds are scarce. Most private capital contributions to housing trust funds have been either in the form of one-time donations or tied to the workforce housing needs of large suburban employers in fast growing ex-urban areas (i.e. Silicon Valley). Thus, housing trust funds do not appear to be an effective mechanism for eliciting private investment in affordable housing initiatives and must be capitalized with public resources.

There are many models for dedicated public funding for housing trust funds, some of which have been debated in Milwaukee, such as a real estate transfer fee, which is the most common funding source for housing trust funds elsewhere. Other models include developer impact fees on new commercial developments (called linkage fees), utility user fees for property owners, developer fees in lieu of inclusionary residential zoning requirements, demolition fees, hotel/motel taxes, and dedicated portions of the increment resulting from a tax increment district. While housing trust funds that do not have dedicated funding sources are not uncommon, they usually are seen as precursors to the establishment of a fund with a dedicated revenue stream.

It seems likely that consolidation of the city's and county's trust funds would make it easier to create a stable funding stream for housing, by reducing the "competition" among the three existing funds and by ensuring that the dedicated funding source would be used in a coordinated manner to further the broad policy goals of the planning committee. A consolidated fund also would have more flexibility to respond to emergency situations, such as the foreclosure crisis or a natural disaster, by reducing the red tape that comes with separate levels of governance. A combined city-county fund also could set the stage for more effective and coordinated advocacy by both governments for funding solutions. One caution, however, would be the need to ensure that any consolidation effort not negatively impact the need to sustain the significant progress that has been made in addressing supportive housing for persons with mental illness.

- 5. Addressing the need for additional rent assistance.** Increasing access to rent subsidy programs could help the community gain traction on the income side of the housing gap. Coordinated administration of the city and county Section 8 voucher programs may help to some extent, but clearly will not come remotely close to providing access to Section 8 vouchers for all eligible individuals who are seeking them. Another option is to create access by increasing the monies available to subsidize rents. As there is little indication that more federal money will be made available for this purpose, state, local or private funds would be needed.

Local rent assistance programs are not uncommon, although not many seem to imitate the federal mode of ongoing assistance, but instead provide assistance on an emergency basis. The Department of Neighborhood Development of the City of Kalamazoo, Michigan, grants short-term rent assistance to households at risk of becoming homeless, for example. This type of short-term assistance is more often funded with private dollars and is nearly always aimed at specific constituencies, such as those facing eviction, people with disabilities, or the elderly. However, federal HOME monies can be used to fund a local rent subsidy program under federal rules and are a source to investigate further.

Utilizing a housing trust fund that has a dedicated revenue stream as a funding source for a local rental subsidy program is another model. A trust fund rental subsidy could

operate on an emergency basis or, depending on the fiscal capacity of the fund, could provide ongoing support similar to the city of Chicago or the federal model.

Some unique opportunities can arise from a local rent subsidy program, including an opportunity for the program administrator to collaborate and connect with individual landlords, to work directly with tenants who may need education regarding their responsibilities, and to coordinate with other state and local benefit programs serving the same population.

Addressing Milwaukee's affordable housing needs will require greater public sector coordination, greater private sector participation, and recognition of the need for an integrated strategy that addresses both the supply side of the equation (i.e. building or rehabilitating low-income units) and the demand side (providing additional rental assistance). Hopefully, the data collected and analyzed in this report, and its conclusions and recommendations, will encourage policymakers to revisit the affordable housing issue with increased urgency and a greater sense of collaboration and innovation.

APPENDIX A: COMPLETED INTERVIEWS

Bob Berlan, Retired Director, Community Planning and Development, U.S. Department of Housing and Urban Development, Milwaukee Office

Lynnell Carleton, Director of Compliance and Affordable Housing, Ogden & Co.

Marty Collins, Former City of Milwaukee Department of Neighborhood Services Commissioner

Steve Falek, Associate Director, Housing Authority City of Milwaukee

Steve Gladman, President, The Affordable Housing Trust for Columbus and Franklin County

Jesse Greenlee, WHEDA, Milwaukee County WHEDA Representative

Jim Hill, Administrator, Milwaukee County Housing Division

Susan Lloyd, Senior Advisor, Zilber Family Foundation

Vincent Lyles, President, M&I Community Development

Cathie Madden, Board Member, Housing Trust Fund

Richard Manson, Vice President of Northeast Region, Local Initiatives Support Corporation

Rocky Marcoux, Commissioner, Department of City Development

John G. Markowski, President, Community Investment Corporation (Chicago, IL) and former City of Chicago Housing Commissioner

Bobbi Marsells, Assistant Secretary, Housing Authority City of Milwaukee

Michael Martin, Senior Community Planning and Development Representative, U.S. Department of Housing and Urban Development, Milwaukee Office

Gené Moreno, Chicago Rehab Network

Jim Naremore, Grants Manager, Indianapolis Department of Metropolitan Development

Tony Perez, Executive Director, Housing Authority City of Milwaukee

William Perkins, Executive Director, Wisconsin Partnership for Housing Development

Maria Prioletta, Program Director, Department of City Development

Kim Queen, Field Coordinator for MPI Property Management and Board Member of the Apartment Association of Wisconsin

Leo Ries, Executive Director, LISC Milwaukee

Noraen Saldivar, Chicago Department of Community Development

Patrick Schloss, Community Development Manager, City of West Allis

Mike Schubert, Consultant, Greater Milwaukee Foundation (Healthy Neighborhoods Initiative)

Arthur Sullivan, Program Manager, ARCH

Blair Williams, President, Wired Properties

APPENDIX B: GLOSSARY OF TERMS AND ABBREVIATIONS

ACS – American Community Survey (ACS). This annual survey conducted by the U.S. Census Bureau provides data based on a sample of the U.S. population. The results are designed to “tell us what the population looks like and how it lives [and] helps communities determine where to locate services and allocate resources.”

AMI – Area Median Income. HUD currently defines Milwaukee County’s AMI to include Milwaukee, Waukesha, Ozaukee and Washington Counties. HUD sets the 2008 AMI at \$67,700.

CBO – Community Based Organization. Local non-profit organizations that seek to address social issues in a particular neighborhood or community.

CDBG – Community Development Block Grant. HUD monies awarded to entitlement community grantees to carry out a wide range of eligible activities including those related to housing, neighborhood revitalization, economic development, and improving community facilities and services with the principal intent of serving low- and moderate-income households or eliminating blight.

CDC – Community Development Corporation. CDC’s are local, non-profit, community-based organizations that engage in a range of activities including community building, housing development, and business development, in an effort to revitalize and/or stabilize communities.

CDFI – Community Development Financial Institution. CDFIs are financial institutions that provide credit, capital and financial services to small businesses, nonprofits, low-income individuals, and others underserved by mainstream financial institutions. CDFIs take a variety of forms including banks, loan funds, and venture capital funds.

CHAS – Comprehensive Housing Affordability Strategy. The CHAS is a requirement of the National Affordability Housing Act of 1991 and a component of a municipality’s Consolidated Plan, which must be filed in order to receive HUD block grants, including CDBG and HOME . The CHAS data file is a HUD sponsored data system, which includes extensive data on a variety of physical and financial housing characteristics and needs categorized by HUD-defined income limits (30, 50, and 80 percent of AMI) and HUD-specified household types.

CHDO – Community-Based Housing Development Organizations. A CHDO is a private nonprofit, community-based service organization whose primary purpose is to provide and develop decent, affordable housing for the community it serves. A portion of HOME funds are set aside for exclusive use by certified CHDOs.

CIC – Chicago Investment Corporation. A Chicago area Community Development Financial Institution.

CMI – County Median Income. HUD sets the Milwaukee County 2004 CMI (by household) at \$39,481.

CoC – Continuum of Care. The Continuum of Care is a collaboration of local community-based organizations in Milwaukee that plans, organizes and delivers housing and services to meet the specific needs of people who are homeless as they move to stable housing and maximum self-sufficiency. It also is the entity that applies for and distributes certain HUD homeless assistance funds in Milwaukee and conducts long-range planning designed to end homelessness and prevent a return to homelessness.

CPC – Community Preservation Corporation. CPC is a private, not-for-profit corporation sponsored by more than 90 commercial banks, savings institutions and insurance companies, who contribute capital and participate in lending activities to stabilize, strengthen and sustain low- and mixed-income communities in the Greater New York area.

CRA – Community Reinvestment Act. The CRA, established by Congress in 1977, requires that deposit-taking financial institutions offer equal access to lending, investment and services to all those in an institution's geographic assessment area—at least three to five miles from each branch.

CRN – Chicago Rehab Network. A citywide coalition of neighborhood and community based development organizations developed to pool expertise and share information.

EQ2 – Equity Equivalent Investment. An EQ2 is a loan to nonprofit community development and lending organizations that behaves like equity but is actually deeply subordinated debt.

FSS – Family Self-Sufficiency Program. A HUD program that encourages communities to develop local strategies to help Section 8 voucher families obtain employment that will lead to economic independence and self-sufficiency.

GAO – Government Accountability Office

Gap Financing – Subsidies needed to make an affordable housing project break even.

HACM – Housing Authority City of Milwaukee

HOME – Home Investment Partnership Program. HOME is the largest Federal block grant to State and local governments designed exclusively to create affordable housing for low-income households. HOME provides housing funds that are distributed from HUD to units of general local governments and States. Funds may be used for new construction, rehabilitation, acquisition of standard housing, assistance to homebuyers, and tenant-based rental assistance.

HOPE VI – Program for Revitalization of Severely Distressed Public Housing, focusing on three general areas: physical improvements, management improvements, and social and community services to address resident needs.

Housing First – A strategy to provide homeless households quick access to housing and provide services as needed. The emphasis is on providing permanent housing rather than service delivery.

HTF – Housing Trust Fund. Housing trust funds are distinct funds established by city, county or state governments that typically receive ongoing dedicated sources of public funding (and sometimes private) to support the preservation and production of affordable housing and increase opportunities for families and individuals to access decent affordable homes.

HUD – U.S. Department of Housing and Urban Development

HUD Entitlement Communities – Principal cities of Metropolitan Statistical Areas (MSAs), other metropolitan cities with populations of at least 50,000, and qualified urban counties with populations of at least 200,000 (excluding the population of entitled cities). HUD determines the amount of each entitlement grant by a statutory dual formula which uses several objective measures of community needs, including the extent of poverty, population, housing overcrowding, age of housing and population growth lag in relationship to other metropolitan areas.

LIHTC – Low-Income Housing Tax Credits. A provision in Section 42 of the IRS Code that allows investors to receive a credit against Federal tax owed in return for providing funds to developers to help build or renovate housing that will be rented only to lower-income households for a minimum period of years.

LISC – Local Initiatives Support Corporation. LISC is a national organization that also has local offices, including one in Milwaukee. LISC's mission is to mobilize corporate, government and philanthropic support to provide community development organizations with loans, grants and equity investments; and to provide local, statewide and national policy support, and technical and management assistance (LISC).

MCHD – Milwaukee County Housing Division

Moving to Opportunities Program – A HUD 10-year research demonstration that combines tenant-based rental assistance with housing counseling to help very low-income families move from poverty-stricken urban areas to low-poverty neighborhoods (HUD).

PHA – Public Housing Authority. A PHA is an entity responsible for the management and operation of a local public housing program. Other responsibilities may include homeownership opportunities for qualified families; employment training opportunities, and other special training and employment programs for residents; and support programs for the elderly.

Public Housing – Subsidized rental units that are owned and operated by local public housing agencies and are leased to low-income and very low-income persons and families. Utilities are included in the rent.

RACM – Redevelopment Authority City of Milwaukee. RACM is an independent corporation created by state statute in 1958 to eliminate blighting conditions that inhibit neighborhood

reinvestment, to foster and promote business expansion and job creation, and to facilitate new business and housing development.

Safe Haven – A HUD term used to describe a residential treatment facility that provides housing, services, and treatment over an extended period of time to a maximum of 25 tenants. The purpose of the Safe Havens is to provide individuals who have been homeless and who have mental illnesses with a safe place to live, while the staff build relationships with residents, encouraging them to accept treatment, obtain medical care, and, once the resident is ready for mainstream services, place them into a more permanent housing and treatment program.

Section 42 Low-Income Housing Tax Credit – See LIHTC

Section 202: Supportive Housing for Elderly – A HUD sponsored program that provides financing to nonprofit entities to develop affordable housing for the elderly. Units developed with these funds are restricted to persons who are at least 62 years of age and have incomes below 50 percent of their area's median income. Section 202 units, typically one-bedroom apartments with kitchens and baths, include special features such as nonskid flooring, grab bars, and ramps to help older persons remain safer and more independent as they age. Many Section 202 facilities provide access to supportive services such as home-delivered meals, housekeeping, and transportation to community health providers.

Section 811: Supportive Housing for Persons with Disabilities—A HUD sponsored program that provides financing to nonprofit entities to develop affordable housing for persons with disabilities. HUD also provides rental assistance under this program to cover operating costs of the project. Resident eligibility is restricted to households making less than 50% of AMI and having at least one member (18-years or older) with a physical or developmental disability or chronic mental illness.

SMCDA – South Milwaukee Community Development Authority

Shelter+Care – A HUD program designed to provide housing and supportive services on a long-term basis for homeless persons with disabilities, (primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and acquired immunodeficiency syndrome (AIDS) or related diseases) and their families who are living in places not intended for human habitation (e.g., streets) or in emergency shelters. The program allows for a variety of housing choices, and a range of supportive services funded by other sources, in response to the needs of the hard-to-reach homeless population with disabilities.

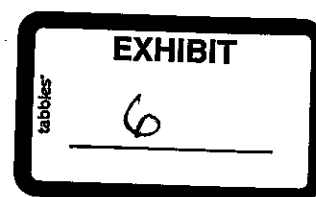
TIF – Tax Incremental Financing. TIF is designed to channel funding toward improvements in distressed or underdeveloped areas where development would not otherwise occur. TIF creates funding for public projects that may otherwise be unaffordable to localities. Increment Financing dedicates tax increments within a certain defined district to finance debt issued to pay for the project. Once the debt is paid, the district is retired and goes back on the tax rolls.

TIN – Targeted Investment Neighborhood. TIN focuses resources on a small neighborhood (six to twelve block area) for three years and is designed to sustain and increase owner-occupancy;

provide high quality affordable rental housing; strengthen property values; and improve the physical appearance and quality of life of neighborhoods through low interest and/or forgivable loan products (City of Milwaukee DCD).

WAHA – West Allis Housing Authority

WHEDA – Wisconsin Housing and Economic Development Authority



PPF Housing Study Work Group

Notes from Focus Group on housing policy on January 19, 2010:

Attending:

Bill Boerigter, WHEDA
Martha Brown, DCD
Michael Goldberg, Heartland Housing
Sylvan Leahman, Jewish Family Services
Cathie Madden, LISC & Housing Trust Fund
Jim Mathy, Milwaukee County Department of Housing
Anne Peacock, CommonBond Communities
Maria Prioletta, DCD
Carl Quindel, ACTS Community Development
Leo Ries, LISC
Erich Schwenker, Cardinal Capital
Anthony Taylor, We Energies
Jim Tarantino, Tarantino & Associates
Teig Whaley-Smith, CDA Advocates

Purpose / goal of focus group:

Leo provided a brief update on the activities of a work group that was formed following the publication of the Public Policy Forum study on Housing in May 2009. The work group wants to identify the priority housing needs in Milwaukee, organize the available local and state housing resources to respond to those needs and identify the funding and policy gaps that are preventing us from addressing those housing needs.

The work group is seeking comment on one proposed strategy for achieving the above objectives – i.e. focus primarily on the rehab of existing multi-family housing. Throughout the city there are a large number of multi-family units that are poorly maintained and poorly managed. These units could be acquired and rehabbed for less than \$100,000 per unit compared to a cost of \$180 – 220,000 for newly constructed LIHTC units. There might be neighborhood opposition, but neighbors would probably prefer rehabbed housing for persons with special needs in a highly controlled setting compared to what is there now.

The key element to making this work would be the management capacity of the operator. The work group believes that 5 – 6 “preferred operators” should be identified who would work with funders to execute this strategy; operators who could count on a relatively stable revenue stream. He noted that there has to be an implicit commitment from funding sources to work with the operators for the long term.

Major themes / conclusions:

- The two priority areas for the investment of affordable housing dollars should be: 1) supportive housing for persons with special needs – i.e. below 30% AMI, 2) neighborhood development – i.e. where is evidence of good leverage, not just financial, but also secondary community benefits
- The focus on rehab is a worthy goal, but there is not a lot of capacity or desire to do rehab
- Home-ownership is driven more by market forces than by subsidy; we can impact on home ownership through a creative package of marketing and incentives, but the big

subsidies should go to the areas of greatest need, since the market does not serve that population – hence the need for “socialized housing”.

- Any discussion about supportive housing has to include the social service system – funding for services has to be sustainable and aligned with the housing development plan
- There needs to be a broader, regional discussion about this issue, but it is not clear what body would be appropriate for convening this discussion. It is possible that talking about “supportive housing” versus “low income housing” would be less threatening to our suburban neighbors

Comments about cost:

- The state-wide average per unit cost of LIHTC housing is \$167,000; it is higher in Milwaukee
- Cost per unit is high but there are often secondary benefits that should be noted – e.g. the community service component of the UMCS project, or the MLKEDC projects in the Harambee neighborhood
- High cost may be OK for a signature project, but continued high costs are going to undermine support for the program.
- Part of the high cost is regulatory requirements

Comments about rehab versus new construction:

- Using rehab to create supportive housing may not save money
- Rehabbing properties to a “mod rehab” standard would probably cost more than new construction
- City has large vacancies in older commercial districts – this represents a huge opportunity for rehab
- Focus on rehab is a worthy goal, but there is not a lot of capacity or desire to do rehab
- The low income market has increased a lot in Milwaukee
- Focusing on rehab means that investment will go to where multi-family housing is now and that may not reflect where it may be needed
- Any project has to make sense for the neighborhood – mixed-use is nice but it may not work in a neighborhood sub-market

Comments on supportive housing:

- We’re dealing with 0.5% of the population, but because we’ve never dealt with this segment, we are currently incurring all kinds of extra social costs
- In looking at the cost of LIHTC supportive housing, we also have to factor in the “social cost” – i.e. supportive housing, which expensive to build, has been shown to greatly reduce the demand for other, expensive public services
- What’s the problem with doing more supportive housing?
 - ✓ Developers have to work with 5 – 8 funding sources
 - ✓ A lot of upfront money at risk
 - ✓ Lack of board community consensus
- Developing supportive housing is essential, but the bigger problem is finding the money to provide the accompanying supportive services – there is a big need to expand “family care”
- Any discussion of supportive housing has to include the social service system – we don’t want to enable the social service system to continue doing as little as possible
- We need a base of funding for services that is sustainable and we need to align service funding with the housing development plan
- Need to loosen the regulations relating to how supportive housing is sited

Comments on supportive housing versus home ownership:

- We have to separate the discussion about supportive housing and owner-occupancy; relative to home-ownership we have a marketplace problem; whereas with supportive

housing, we're helping persons with special needs for whom the marketplace doesn't work

- Home-ownership is driven more by market forces than by subsidy; we can impact on home ownership through a creative package of marketing and incentives, but the big subsidies should go to the areas of greatest need, since the market does not serve that population – hence the need for “socialized housing”.
- Focusing on 30% AMI may skew the market – deals need to be structured at 60% AMI – we should focus on who is in the unit rather than how the project is structured financially
- We need to continue to do home-ownership – only 30% of the foreclosures are going back to owner-occupants
- One way to use affordable housing resources to impact on owner-occupancy would be through a good rent-to-own program

General comments:

- LIHTC is a vehicle to bring large amounts of investment into Milwaukee
- We need to also look at how other public funds are invested – e.g. how is HACM using its money; how are CDBG funds being used?
- Look at new or expanding existing funding sources – e.g. TID
- Need to clarify the City's investment focus – is it community development or is the focus shifting to special needs?
- Two priorities – 1) focus on supportive housing for persons with special needs – i.e. below 30% AMI, 2) neighborhood development – i.e. where is evidence of good leverage, not just financial but also secondary community benefits
- It is troubling how little the private sector is doing on the capital side in terms of addressing this issue – there needs to be a pool of \$5 – 10 million dollars available in annual gap funding; we cannot let any project fail that is 95% complete – final money should be the easiest since everyone else has reviewed it. Rule of thumb: \$1 million dollars will produce 50 units
- The goal of this discussion is to discern “what's best for Milwaukee” in terms of using available resources
- This discussion should be part of a broader, regional dialogue – what body would be appropriate for convening this conversation? The issue transcends local governments
- Perhaps a discussion about “supportive housing” versus “low income housing” would be less threatening to our suburban neighbors
- Perhaps we need to develop a financial model showing what it takes to develop housing for different sub-groups – e.g. the elderly, re-entry population, low income owner-occupants, etc.

City of Milwaukee

Office of the City Clerk

200 E. Wells Street
Milwaukee, Wisconsin 53202

Certified Copy of Resolution

FILE NO: 080216

Title:

Resolution authorizing the acceptance and expenditure of up to \$250,000 in private contributions by the Department of Administration, Community Development Grants Administration Division for the Housing Trust Fund.

Body:

Whereas, Section 304-24 of the City of Milwaukee Code of Ordinances regulates the receipt, appropriation and expenditure of contributions received by the City; and

Whereas, There are organizations interested in making contributions to the City of Milwaukee's Housing Trust Fund; and

Whereas, It is in the City's best interest to augment sources of trust fund revenue to achieve the goal of acquisition, construction, rehabilitation and modification of affordable and accessible housing for low-income households; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, the Department of Administration, Community Development Grants Administration Division is authorized to accept up to \$250,000 in private contributions associated with the City of Milwaukee's Housing Trust Fund; and, be it

Further Resolved, That upon receipt and deposit of these funds, the City Comptroller is directed to establish a special account with the Department of Administration for the expenditure of the funds; and, be it

Further Resolved, That the City Comptroller is authorized and directed to transfer appropriations from the special Purpose Account-Contributions, 0001-2110-0001-D000-006300, and the estimated revenue from the Estimated Revenue Account-Contributions, 0001-9990-0001-009850 to the Department of Administration special account, 0001-1510-0001-006300-Dxxx and the Department of Administration Estimated Revenue Account, 0001-1510-0001-009850, up to the amount actually received, but no more than \$250,000; and, be it

Further Resolved, That the Department of Administration, Community Development Grants Administration is authorized to expend funds actually received for housing purposes associated with the City of Milwaukee's Housing Trust Fund in accordance with Chapter 316, Milwaukee Code of Ordinances, which governs the operation and funding of the Housing Trust Fund, but not to exceed \$250,000.



I, Ronald D. Leonhardt, City Clerk, do hereby certify that the foregoing is a true and correct copy of a(n) Resolution Passed by the COMMON COUNCIL of the City of Milwaukee, Wisconsin on July 1, 2008.

Ronald D Leonhardt

Ronald D. Leonhardt

March 04, 2010

Date Certified

City of Milwaukee

Office of the City Clerk

200 E. Wells Street
Milwaukee, Wisconsin 53202

Certified Copy of Resolution

FILE NO: 091404

Title:

Resolution relating to the inclusion of the City of Milwaukee Housing Trust Fund as a participating recipient of donations in future City UPAF/Visions and Combined Giving campaigns.

Body:

Whereas, The United Performing Arts Fund (UPAF) raises and allocates funds to 36 member and affiliate performing arts grounds through an annual, community-wide fundraising campaign; and

Whereas, The UPAF/Visions campaign is a workplace-giving program that raises funds from City of Milwaukee employees for both UPAF and various other non-profit entities (Visions organizations) that work to improve the quality of life in the Milwaukee community in such areas as education, culture, recreation and the environment; and

Whereas, The City's Combined Giving Campaign is an annual fund drive in which City employees pool their resources to improve the quality of life in the Milwaukee community by contributing to umbrella groups of local nonprofit agencies, individual agencies within those umbrella groups, various designated unaffiliated agencies or other qualified 501(c)(3) nonprofit organizations that provide health or human services in Wisconsin; and

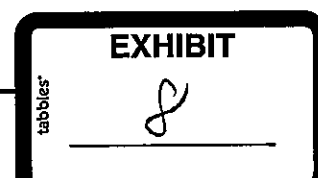
Whereas, The City's Housing Trust Fund was created in 2006 to provide financial support to developers and governmental entities in the acquisition, construction, rehabilitation and modification of affordable and accessible housing for low-income households, including households that are homeless or at risk of becoming homeless, and to finance support services that assist low-income households in obtaining and maintaining affordable housing; and

Whereas, Since its creation, the Housing Trust Fund has awarded funding for the construction or rehabilitation of over 270 affordable housing units in Milwaukee; and

Whereas, To date, the Housing Trust Fund has been funded by allocations of capital borrowing or general tax levy funding in the annual City budget, thereby subjecting the Fund to the City's increasingly tight fiscal constraints and limited financial resources; and

Whereas, The inclusion of the Housing Trust Fund as a participating recipient in the UPAF/Visions and Combined Giving campaigns would create new funding sources for the much-needed affordable housing projects supported by the Fund; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the proper City officials are



directed to take the actions necessary to ensure that the City of Milwaukee Housing Trust Fund is included as a participating recipient of donations in future UPAF/Visions campaigns; and, be it

Further Resolved, That the second "Further Resolved" clause of Common Council Resolution File Number 090393 is repealed and recreated to read:

"Further Resolved, That the Police Officers Support Team, Inc., the United Negro College Fund and the City of Milwaukee Housing Trust Fund are also eligible for donations through the City of Milwaukee Combined Giving Campaign; and, be it"



I, Ronald D. Leonhardt, City Clerk, do hereby certify that the foregoing is a true and correct copy of a(n) Resolution Passed by the COMMON COUNCIL of the City of Milwaukee, Wisconsin on March 2, 2010.

Ronald D. Leonhardt

Ronald D. Leonhardt

March 15, 2010

Date Certified

From: MacDonald, Terry

Sent: Thursday, April 01, 2010 3:24 PM

To: Bauman, Robert; Bethany Sanchez ; Brian Peters; Cathie Madden; Gartner, Thomas; Higgins, Mario; James A Hiller; Jim Mathy; Joanne Passaro; Kammholz, Craig; Kenneth Little; Leo Ries; Mahan, Steven; Mike Soika; Murphy, Michael (Alderman); Osterman, Jeffrey; Sign language Interpreter; Zalben, Barry; Zarate, Sarah

Subject: April 8, 2010 Housing Trust Fund Advisory Board meeting has been cancelled.

To All Housing Trust Fund Advisory Board Members, Staff and Interested Persons:

This is to inform you that the Housing Trust Fund Advisory Board meeting scheduled for April 8, 2010 at 11:00 a.m. has been cancelled.

Sincerely,

Ms. Terry J. MacDonald, Staff Assistant
City of Milwaukee, City Clerk's Office
200 East Wells St., Room 205
Milwaukee, WI 53202
414-286-2233
Fax: 414-286-3456
Terry.Macdonald@milwaukee.gov



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-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>	

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.



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin 53202

Meeting Minutes HOUSING TRUST FUND ADVISORY BOARD

ALD. MURPHY, CHAIR

Ald. Robert Bauman, James Hiller, Craig Kammholz, Kenneth Little, Cathie Madden, Jim Mathy, Joanne Passaro, Brian Peters, Kori Schneider Peragine, and Michael Soika
Staff Assistant: Joanna Polanco, 286-2366, Fax: 286-3456, jpolan@milwaukee.gov
Legislative Liaison: Jeffrey Osterman, 286-2262, joster@milwaukee.gov

Thursday, May 13, 2010

11:00 AM

Room 301-A, City Hall

Meeting convened: 11:15 A.M.

1. Roll call

Present 8 - Soika, Madden, Peters, Passaro, Mathy, Little, Murphy and Bauman

Excused 2 - Kammholz and Hiller

Also present: Kate Block, Mr. Peters' sign language interpreter; Mario Higgins, Community Development Grants Administration; Assistant City Attorney Tom Gartner, and Jeff Osterman, Legislative Reference Bureau

2. Review and approval of the February 11, 2010 meeting minutes

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

3. Status report and discussion on the housing trust fund award process

Atty. Gartner and Mr. Higgins appeared on this Matter.

Atty. Gartner said he has sent the grant, regulator and EBE agreements to each of the applicants that have received awards to date. He said some of the awardees have outstanding agreements, but they have not begun their projects yet.

Atty. Gartner said he has encountered a couple of problems with the agreements for some of the smaller projects. The first is when there is a project where the grantee is rehabbing an owner-occupied unit, the grantee is not in the position to commit that the rehabbed project will remain low-income for fifty years. He said it doesn't make sense to have the same regulator agreement for smaller projects that is used for larger projects that receive WHEDA tax credits.

The second problem is with the EBE and City resident worker requirements. The

workers who are doing the very small rehabilitation projects are usually staff, volunteers or the grantees themselves and that has caused some difficulty for the grantees to comply with those requirements.

Atty. Gartner suggested that a little flexibility in the above two areas would be helpful. He said that one of the ways this board could handle that is to acknowledge that the Community Development Grants Admin. (CDGA), who administers the housing trust fund program, has the power to exercise discretion in adjusting those kinds of conflicts.

Mr. Higgins gave an overview of each of the awardee's projects. He said the projects that are completed as of to date are: Hartland-Guest House, St. Katherine's Residence, United Methodist Children's Services and Bishop's Creek. He said the projects that are being worked through yet are: Dominican Center, Layton Blvd West Neighbors, Milwaukee Christian Center, Habitat for Humanity, King Dr. Commons, Building Together, United Community Center and Mercy Housing.

Ald. Murphy asked if members had an opportunity to tour of any of the project sites?

One member replied in the negative.

Mr. Soika asked if the CDGA staff could provide a written report to this Board on the status of each of the projects?

Ald. Murphy asked that the report include information on the problems that Atty. Gartner mentioned.

Mr. Higgins replied in the affirmative.

Mr. Little asked if the City resident requirement is a problem?

Atty. Gartner replied that there isn't a way to monitor the City resident requirement for the smaller projects. He said if there was a way it would probably be too expensive.

Mr. Higgins replied that most of the smaller projects inherently have City residents working on those projects.

Ms. Madden asked what is considered a small project?

Mr. Higgins replied that any of the single family home construction or rehab projects would be considered a small project. He said project in the amount of \$50,000 or less.

Ms. Madden asked how difficult would it be to have two applications, the current application as it exists and a second application tailored for smaller projects.

Mr. Higgins replied that wouldn't be difficult. He said some of the smaller applicants are intimidated with the current application and it would make it easier for the Technical Review Subcommittee to score smaller projects.

Ms. Madden asked if this board could consider looking at creating a second application for smaller projects?

Ald. Murphy asked the City Attorney, Comptroller's and CDGA staff to review the application and see if they could streamline the application for smaller projects and bring their recommendations back to this board for consideration.

Mr. Peters asked if EBE is required by ordinance, and, if so, would the code of ordinances need to be changed to allow for an exemption for small projects?

Attorney Gartner replied in the negative.

4. Review and approval of the Housing Trust Fund 2009 annual report

Ald. Bauman moved to amend the report by having some of the information from the memo, prepared by the Community Development Grants Administration on the status of each of the projects that received HTF dollars, included in the 2009 annual report. There were no objections.

A motion was made to approve the 2009 annual report as amended. There were no objections.

5. Next meeting date, time and agenda

June 10, 2010 at 11:00 A.M. in Room 301-B

Meeting adjourned: 11:36 A.M.

Terry J. MacDonald
Staff Assistant



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin 53202

Meeting Minutes HOUSING TRUST FUND ADVISORY BOARD TECHNICAL REVIEW SUBCOMMITTEE

Craig Kammholz, Chair
Joanne Passaro, Brian Peters, Kori Schneider Peragine, and
Lanie Wasserman

Staff Assistant, Joanna Polanco
Phone: (414) 286-2366, jpolan@milwaukee.gov

Friday, June 25, 2010

2:00 PM

Room 301-A, City Hall

Meeting convened: 2:04 P.M.

1. Roll call

Present 3 - Peters, Kammholz and Passaro

Also Present: Mario Higgins, Steve Mahan, Community Block Grant Admin.

2. Review and approval of the minutes of the February 5, 2010 meeting

Mr. Peters moved to approve minutes from February 5, 2010, Joanne Passaro seconded. Minutes were approved without objections.

3. Discussion relating to the creation of a second application form and scoring sheet

Mr. Kammholz said that some applicants in the Home Ownership category felt that some of the categories were not applicable to their projects. Over the last three years, this circumstance arrived and there was a desire from a number of Committee members, possibly Ald. Murphy, that instead of having applicant complete entire applications and have the scoring criteria be counted against them, that the committee may want to streamline the application process just for some projects.

Mr. Peters stated that at the last Technical meeting they reviewed some applications and he proposed these applicants to be scored as a percentage of how many possible points they could receive rather than the total points available.

Mr. Kammholz asked Mr. Higgins what specific projects were in question? Did they want to complete a separate scoring process or did they want to exempt some applicants from some of the criteria?

Mr. Higgins stated that there was not a specific group for this matter. It was not very clear as to what the definition of Emerging Business Enterprise (EBE) was and the

fact that they were trying to score two different types of project on one scoring sheet.

Mr. Passaro stated that the definition of Small Housing Project was less than \$50,000 dollars.

Mr. Kammholz clarified that it was not a type of project or category, it was a threshold in terms of a dollar amount. The first question for discussion would be where do we want to set that threshold and the second question for discussion, as it relates to the definition of Small Housing projects, how do we approach the process? What definition of Small Project do we want to apply to make a recommendation to the Housing Trust Fund.

Mr. Kammholz asked what definition should be proposed as a definition for Small Housing Projects?

Mr. Higgins stated that the application needs to have different allowances for Small Project or a few questions need to be worded differently.

Mr. Peters stated there may be no other criteria to be considered. An example would be Green Building Principles this is why he is leaning towards using a percentage of what would apply to a particular project.

A motion was made by Mr. Kammholz to approve the following changes to the application and scoring sheet and to forward these recommendations to the Housing Trust Fund Advisory Board for its review and approval:

Define minor homeownership project as a project with total project costs of \$100,000 or less (pending recommendation of CDBGAs based upon their review of the last three award cycles).

For projects meeting the definition of minor project, the rating criteria will exclude the affordability rating criteria and the EBE rating criteria.

The maximum points allowed under the evaluator subjective criteria will be prorated to 13 (from 15) to reflect the lower maximum points to be awarded for minor projects (100) versus the 115 maximum points for projects in general.

For projects meeting the definition of minor project, the agreements will exclude affordability and EBE requirement language for owner occupied rehab projects. For projects meeting the definition of minor project, the agreements will exclude affordability period, but include EBE, for owner occupied new construction projects. The recommendation relative to drafting the agreements pertains to all outstanding agreements that have yet to be drafted, regardless of funding round. There were no objections.

Mr. Kammholz asked if the City Attorney's office would be in agreement for these changes for the smaller contracts.

Mr. Mahan stated the city attorney's office brought to our attention some of these issues.

Mr. Kammholz asked that CDBGAs provide updates of the project that are outstanding, that this proposal be brought to the City Attorney's attention.

4. Next meeting date, time and agenda

The next meeting is to be scheduled for late August; date and time will be determined.

Meeting adjourned: 2:54 P.M.

**Joanna Polanco
Staff Assistant**

REVISED 9/15/09



**CITY OF MILWAUKEE
HOUSING TRUST FUND**

**APPLICATION RELEASE DATE
OCTOBER 5, 2009**



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING 2009

PROPOSAL CHECKLIST - YEAR 2009

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 4:00 p.m. on Monday, October 19, 2009.** 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.



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING 2009

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 2009

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.

NOTES:

- Projects not meeting the minimum affordability requirements are ineligible.
- Additional points will be assigned, on a sliding scale, for projects that exceed the minimum period of affordability.



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING 2009

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.

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.
- Exceed 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.



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING 2009

ACCESIBILITY REQUIREMENTS

1. Multi Family **PROJECTS (Three or more units)**

All new construction or substantial rehabilitation projects receiving Housing Trust Funding must comply with the following standards:

- 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.

Additionally, these projects must meet at least one of the following design principles:

1. Aging in place
2. Universal design
3. Any other accessible and/or adaptable design criteria approved by the Housing Trust Fund Advisory Board.

2. **HOMEOWNERSHIP PROJECTS (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.
3. 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 2009

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 4:00 p.m. on Monday, October 19, 2009.* 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) 286-5566. Your application will begin when your complete application has been received, including all items indicated below:

1. A fully completed application. If a question does not apply, indicate this on the application.
2. 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.
3. Tax returns for three years (Individual 1040, Corporate 1120, Form 990, and Partnership 1065).
4. Project or Business plan
5. Site photos showing front and rear of building (if applicable). If vacant land, pictures from the north, south, east and west.
6. Market analysis for projects containing twelve or more residential units.
7. Resumes and qualifications of the development team.
8. Project cost analysis including acquisition, construction, rehabilitation, renovation and other applicable costs,
9. Source of funding. Provide copies of any financial commitments obtained for acquisition, construction and permanent loans.
10. A minimum 5-year projected pro-forma (Not required for Homeownership Category)
11. An affordability analysis indicating the income level household that can afford the proposed housing at current interest rates or rent levels.
12. Post rehabilitation or new construction appraisal

The City of Milwaukee reserves the right to request additional information as deemed necessary by the Housing Trust Fund Advisory Board



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING 2009

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.

ALL AWARDS ARE SUBJECT TO NEGOTIATION OF FINAL TERMS.



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING 2009

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	2009 Funds Available	Amount Requested
Homelessness	\$240,570	
- Rehabilitation of Existing Facility		\$
- New Construction of Facility		\$
- Provide Supportive Services		
Rental Housing	\$336,790	
- Rehabilitation of Existing Structure		\$
- New Construction		\$
Home Ownership	\$240,560	
- Rehabilitation of Existing Structure(s)		\$
- New Construction		\$
- Owner-Occupied Rehabilitation		\$
- Homebuyer Counseling Services		
- Post-Purchase Counseling Services		
Other Needs as Identified	\$144,330	
TOTAL	\$962,250	\$
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: _____
Printed Name: _____

Date: _____
Title: _____



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING 2009

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. Also, describe the partners and specific funding source(s) for the 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 2009

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Reviewer's Comments:

Score:



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING 2009

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 2009

PART IV: PROJECT FINANCING

1. Please Attach the Following Items

- Sources and Uses of all funds
- Development Budget
- Project 5-Year Pro-Forma (Not required for Homeownership projects)
- Cash Flow Statement

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

3. If the project utilizes Tax Credits, have the Tax Credits been awarded?

_____ Yes _____ No

If Yes, attach notice of Tax Credit award.

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

_____ Yes _____ No

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

_____ Yes _____ No

6. 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 _____



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING 2009

Contact Person _____

Address _____

Commitment Amount \$ _____ Rate/Term _____

7. 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	\$

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Reviewer's Comments:	Score:



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING 2009

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

13. Briefly summarize the project management plan. Identify the staff or agency responsible for ongoing project management and any experience specifically related to this project. (Does not apply to Homeownership Programs)

Attach copy of Management Plan.



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING 2009

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Reviewer's Comments:

Score:

PART VI: FURTHERANCE OF HOUSING TRUST FUND GOALS

1. Describe the accessibility improvements or modifications that are in excess of what are required by the Fair Housing Act, Section 504, please provide an estimated cost.

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)



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING 2009

Affordability Period Proposed for Project: _____ (years)

4. Will this project utilize workers from the neighborhood?

_____ Yes _____ No

a. If yes, please describe:

5. Will this project give priority to emerging business enterprise contractors?

_____ Yes _____ No

a. If yes, please describe:

6. Does this project increase the diversity of housing types in the neighborhood?

Responses to this question should describe how the proposed project will provide a new type of housing choice in the neighborhood in which it is situated.

_____ Yes _____ No

a. If yes, please describe:



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING 2009

6. Will this project utilize green building principles?

_____ Yes _____ No

a. If yes, please describe:

7. 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?

(e.g. Example #1 Developers may have an MOU with a job training agency, agreeing to help train and/or employ the agency's clients – either in the construction of the project or in the ongoing management and operations of the project.

Example #2 Developers may have sited their project in a specific location as a result of discussions with neighborhood employers that have identified the lack of suitable affordable housing for their employees as a concern.)

_____ Yes _____ No

a. If yes, please describe:

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

_____ Yes _____ No

a. If yes, please describe:



CITY OF MILWAUKEE
HOUSING TRUST FUND

APPLICATION FOR FUNDING 2009

Three horizontal lines for text entry.

b. Will this project proactively facilitate the movement of persons from institutions into the community? If so, how?"

Two horizontal lines for text entry.

9. Will the project use contractors who pay family-supporting wages for all workers on the project (family supporting wages are defined as \$8.80 per hour)?

Yes No

a. If yes, please describe:

Three horizontal lines for text entry.

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Table with 2 columns: Reviewer's Comments and Score.

ATTACHMENT C

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

	Max 115 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	5	10
Meets HTF Affordability Period	1	
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 Increases diversity of housing types in the neighborhood	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 \$8.46 to \$10.46 per hour	1	
Vendor/Contractor pays employees a minimum of \$10.47 to \$12.46 per hour	2	
Vendor/Contractor pays employees a minimum of \$12.47 to \$14.46 per hour	3	
Vendor/Contractor pays employees a minimum of \$14.47 to \$16.46 per hour	4	
Vendor/Contractor pays employees a minimum of \$16.47+ per hour	5	
Experience		10
Agency experience with same type/similar project	2	
Staff experience with same type/similar project	4	
Management Agency Experience	4	
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		115

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



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 Lanie Wasserman

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

Tuesday, July 13, 2010

1:00 PM

Room 301-A, City Hall

Meeting convened: 1:12 p.m.

1. Roll call

Present 4 - Madden, Peters, Mathy and Schneider Peragine

Excused 1 - Little

Also present:

Assistant City Attorney, Tom Gartner

Craig Kammholz, Director of Financial Services

Jennifer Gonda, Legislative Fiscal Manager - Dept. of Intergovernmental Relations.

2. Review and approval of the minutes of the May 12, 2010 meeting

Mr. Mathy moved to approve minutes from May 12, 2010. Minutes were approved without objection.

Ms. Madden said that given this board has only met 3 times in several months, she would like to outline the purpose of the Housing Trust Fund Advisory Board Finance Subcommittee (HTFAB Finance) to all members present.

The four purposes of this subcommittee are:

- 1. Identify and recommend sources of public funding for the HTF.*
- 2. Identify and recommend sources of private funding for the HTF, if any.*
- 3. Make recommendations on how the HTF is structured - it currently operates at City level as a government entity; do we want to consider other options?*
- 4. Do we want to make any recommendations about the process utilized for selecting and awarding grants.*

3. Discussion relating to the recommendations by the Housing Trust Fund Task Force (File #060071) relating to funding sources that require passage of state legislation

Ms. Gonda went over the items she listed in her memo dated June 22, 2010

Item one - Common Council Resolution 060071 directed the Department of Administration – Intergovernmental Relations Division to seek introduction and passage of seven different funding mechanisms for Milwaukee's Housing Trust Fund. Their status is as follows:

1. Allow revenues from tax incremental districts to be used for housing trust fund purposes outside those districts.

In conjunction with Alderman Murphy and various city staff, legislation was designed that would allow the extension of TID increments for up to one year with at least 75% of the proceeds required to be directed to affordable housing investments. This legislation was successfully enacted in Wisconsin Act 28 (2009-11 State Budget) with support from Senator Spencer Coggs and Representative Tamara Grigsby. The act requires a Common Council resolution to implement the collection of the funds for Milwaukee's Housing Trust Fund.

2. Allow municipalities to assess linkage fees in the range of 10 to 30 basis points per square foot of new construction (both residential and non-residential), with the proceeds from such fees available to support local housing trust funds.

No action has been taken by the Department of Intergovernmental Relations. The Department of City Development has expressed concerns that linkage fees could discourage development.

Ms. Madden asked Ms. Gonda if anyone ever quantified what could be received from linkage fees.

Ms. Gonda responded that her office did not research this information. She asked Mr. Kammholz if that would be something that could be calculated.

Mr. Kammholz said it could.

Ms. Madden states that if there is not a significant financial benefit, it would not be worth the effort.

3. Create a 50% state tax credit for contributions to housing trust funds.

In conjunction with local and statewide housing organizations, the City had drafted and introduced 2009 Senate Bill 534 and Assembly Bill 817 (Taylor/Sinicki). In addition to creating 50% tax credits for Employer Assisted Housing contributions, an amendment was discussed that would have also created a state income tax credit for contributions made to a housing trust fund. The authors declined to amend the bill draft as it increased the cost of the legislation and therefore reduced its chance of passage. Due to the fiscal impact to the state, the legislation did not pass, but efforts will be made to revisit it as part of the 2011-2013 State Budget process.

4. Enable municipalities and counties to levy taxes and fees that solely support housing trust funds. Such taxes and fees should be exempt from state-imposed revenue caps or tax-levy freezes.

No action has been taken by the office of Intergovernmental Relations due to the seeking of similar revenue sources for general city budget purposes. The Intergovernmental Relations office also needs some specificity on what types of taxes and fees the board would like us to pursue.

Mr. Mathy asked: was the document recording fee ever discussed?

Ms. Gonda stated that that was never mentioned to her to look at.

Mr. Peters stated that the state of Pennsylvania has a state law that allows for counties to double their fees for housing, it kind of depends on the county and who is using it.

Ms. Gonda stated that in order to do something like this; we would need the support of Milwaukee County. She and Ald. Murphy tried to establish communication with the county in this regard and were avoided.

Mr. Mathy suggested giving this another try.

5. Create a State of Wisconsin housing trust fund to be funded, at least in part, by real estate transfer fee proceeds, with no funds coming from local governments. Specifically, this housing trust fund should be funded by 5% of the real estate transfer fee revenues (i.e., the share of transfer fee revenues retained by the State for other purposes would be reduced from 80% to 75%).

In 2007 Senate Bill 40 (the proposed State Budget), Governor Doyle proposed the creation of a State Housing Trust Fund to be administered by WHEDA. Using increased real estate transfer fee revenues (the proposal doubled the fee); it would have created an affordable housing trust fund of \$4 million for agencies in Milwaukee who provide homeless and transitional housing services. Due to heavy opposition from the Wisconsin Counties Association for the proposed use of the increased fees and the Wisconsin Realtors Association for the increase itself, the proposal was defeated.

6. Increase the amount of the real estate transfer fee statewide from \$3 per \$1,000 of sale price to \$4 per \$1,000, with the increased revenues being dedicated to the state housing trust fund (if one is created) or to local housing trust funds (if no state housing trust fund is created). Legislation was proposed and did not pass.

Mr. Mathy asked if this could be any different for any of these efforts if it was seen as a regional trust fund run by a non-profit organization.

Ms. Gonda does not think it would change the dynamics on the transfer fee.

7. Eliminate the exemption from the requirement to pay the real estate transfer fee that currently applies to transfers involving purchasers that are limited liability companies ("LLCs"), with the additional transfer fee revenues being dedicated to the state housing trust fund or, if no state fund is created, to local housing trust funds.

Legislation to eliminate the LLC exemption has been introduced for the past several legislative sessions at the behest of the Wisconsin Counties Association. This proposal has never had any success in the Legislature; therefore, intergovernmental relations office has not tried to introduce legislation specifically directing those proceeds to Housing Trust Funds.

Observations:

- Gathering support for the TIF authorizing resolution is advised if the HTF wishes to begin collecting those increments.

Ms. Madden suggested talking further about the TIF's. Should we keep this in the short list that we want to pursue?

Mr. Peters stated in reference to item #1 of Ms. Gonda's memo, is there a time line we want to consider doing this in.

Ms. Gonda responded that there is none.

Mr. Peters asked, for example, if we know TIF is closed in August, when does the Common Council need to pass the resolution?

Ms. Gonda stated that each TIF is different. It would have to be for affordable housing purposes.

Mr. Kammholz stated that he updated the original schedule that comptroller prepares for the HTF. The original proposal for the HTF stated that half of the city's portion of the increment could be levied for four additional years after the closure of a Tax Incremental District. This new proposal allows a full increment for all five taxing jurisdictions City, County, MMSD, MPS and MATC.

Ms. Madden said that in order to start the process you need an enabling resolution.

Ms. Gonda stated that we have obtained enabling state legislation which allows the City to pass a resolution.

Mr. Kammholz said that annually the Dept of City Development produces a report of all the TIF's; this will give you an idea as to when something is going to close out in that year.

Mr. Gartner stated that there is an amendment to the tax increment law that expanded the ability of municipalities to expend money outside of the boundaries of the TID.

Ms. Gonda stated that talking to Ald. Murphy will be the next best step to take.

Observations:

- IRD strategy over the last two sessions has been to focus on advancing the TIF legislation. Now that it has been enacted, we could focus on a different proposal.

- We are not garnering any support for proposals to increase or shift the Real Estate Transfer Fee. This revenue source is currently "owned" by Wisconsin counties and they are highly opposed to its diversion and highly mobilized to defeat any proposal to do so. The Wisconsin Realtors Association is also highly opposed to any increase in the fee. IRD does not recommend further action to divert this fee for HTF purposes.

- IRD did advocate for the National Housing Trust Fund created in the Housing and Economic Recovery Act of 2008. \$1 billion has now been proposed to capitalize the Fund in H.R. 4213, the American Jobs and Closing Tax Loopholes Act of 2010. The bill is currently in conference committee and the funding is included in the House version, but not the Senate version.

Mr. Peters stated that he was hoping WI would get some small percentage of that.

Ms. Gonda responded that is not a large amount of money, maybe a couple hundred

thousands dollars.

Ms. Madden opened discussion on Linkage fees.

Mr. Gartner stated that from the City's perspective one of the biggest problems with these types of fees is that things have been historically levied in suburban areas where the environment is a little bit different than Milwaukee. For the most part DCD is on the other side of the equation discussing how much subsidy the city or the redevelopment authority need to provide to encourage development.

Ms. Madden asked is this going to be a deterrent.

Ms. Madden asked if this board should pursue a voluntary \$1 contribution on the state form.

Mr. Kammholz stated to bring it in front of Ald. Murphy for his approval asking which one of these revenue sources you think we should pursue for the housing trust fund.

Ms. Madden stated that we need to bring to Ald. Murphy a listing of sources for funding.

Ms. Madden stated another funding source - NSP funding states localities affordable rental housing

Ms. Madden discussed the following:

- Fees on downtown parking spaces
- The addition of a \$1 dollar surcharge to the price of any entertainment event ticket costing \$30 or more.
- A portion of the city's Potawatomi Bingo Casino revenues
- Increasing the hotel/motel tax
- Establishing an income-tax credit for persons who make contributions to the Housing Trust Fund.

The committee decided that none of these options would be viable to pursue at this time.

Mr. Gartner suggested to focus on coordinating with other groups to identify projects that are significant to give extra consideration available, not to focus on funding.

Ms. Madden stated that she will generate a preliminary draft to pass to all members before this body presents something to the HTF.

This was

4. Next meeting date, time and agenda

Ms. Madden stated that she will get in contact with members to coordinate the date and time for the next meeting.

Meeting adjourned: 2:33 p.m.

**Joanna Polanco
Staff Assistant**



Department of Administration
Intergovernmental Relations Division

Tom Barrett
Mayor

Sharon Robinson
Director of Administration

Audra Brennan
Director of Intergovernmental Relations

Date: June 22, 2010
From: Jennifer Gonda, Sr. Legislative Fiscal Manager (DOA-IRD)
To: Housing Trust Fund Finance Subcommittee
Re: Housing Trust Fund Legislative Efforts

Common Council Resolution 060071 directed the Department of Administration – Intergovernmental Relations Division to seek introduction and passage of seven different funding mechanisms for Milwaukee’s Housing Trust Fund. Their status is as follows:

- ✓ 1. Allow revenues from tax incremental districts to be used for housing trust fund purposes outside those districts.

In conjunction with Alderman Murphy and various city staff, legislation was designed that would allow the extension of TID increments for up to one year with at least 75% of the proceeds required to be directed to affordable housing investments. This legislation was successfully enacted in Wisconsin Act 28 (2009-11 State Budget) with support from Senator Spencer Coggs and Representative Tamara Grigsby. The Act requires a Common Council resolution to implement the collection of the funds for Milwaukee’s Housing Trust Fund.

- ✓ 2. Allow municipalities to assess linkage fees in the range of 10 to 30 basis points per square foot of new construction (both residential and non-residential), with the proceeds from such fees available to support local housing trust funds.

No action has been taken by our office. The Department of City Development has expressed concerns that linkage fees could discourage development.

- ✓ 3. Create a 50% state tax credit for contributions to housing trust funds.

In conjunction with local and statewide housing organizations, the city had drafted and introduced 2009 Senate Bill 534 and Assembly Bill 817 (Taylor/Sinicki). In addition to creating 50% tax credits for Employer Assisted Housing contributions, an amendment was discussed that would have also created a state income tax credit for contributions made to a Housing Trust Fund. The authors declined to amend the bill draft as it increased the cost of the legislation and therefore reduced its chance of passage. Due to the fiscal impact to the state, the legislation did not pass, but efforts will be made to revisit it as part of the 2011-2013 State Budget process.

- ✓ 4. Enable municipalities and counties to levy taxes and fees that solely support housing trust funds. Such taxes and fees should be exempt from state-imposed revenue caps or tax-levy freezes.

No action has been taken by our office due to the seeking of similar revenue sources for general city budget purposes. We also need some specificity on what types of taxes and fees you would like us to pursue.

5. Create a State of Wisconsin housing trust fund to be funded, at least in part, by real estate transfer fee proceeds, with no funds coming from local governments. Specifically, this housing trust fund should be funded by 5% of the real estate transfer fee revenues (i.e., the share of transfer fee revenues retained by the State for other purposes would be reduced from 80% to 75%).

In 2007 Senate Bill 40 (the proposed State Budget), Governor Doyle proposed the creation of a State Housing Trust Fund to be administered by WHEDA. Using increased real estate transfer fee revenues (the proposal doubled the fee), it would have created an affordable housing trust fund of \$4 million for agencies in Milwaukee who provide homeless and transitional housing services. Due to heavy opposition from the Wisconsin Counties Association for the proposed use of the increased fees and the Wisconsin Realtors Association for the increase itself, the proposal was defeated.

6. Increase the amount of the real estate transfer fee statewide from \$3 per \$1,000 of sale price to \$4 per \$1,000, with the increased revenues being dedicated to the state housing trust fund (if one is created) or to local housing trust funds (if no state housing trust fund is created).

See above.

7. Eliminate the exemption from the requirement to pay the real estate transfer fee that currently applies to transfers involving purchasers that are limited liability companies ("LLCs"), with the additional transfer fee revenues being dedicated to the state housing trust fund or, if no state fund is created, to local housing trust funds.

Legislation to eliminate the LLC exemption has been introduced for the past several legislative sessions at the behest of the Wisconsin Counties Association. This proposal has never had any success in the Legislature, therefore, our office has not tried to introduce legislation specifically directing those proceeds to Housing Trust Funds.

Observations:

- Gathering support for the TIF authorizing resolution is advised if the HTF wishes to begin collecting those increments.
- IRD strategy over the last two sessions has been to focus on advancing the TIF legislation. Now that it has been enacted, we could focus on a different proposal.
- We are not garnering any support for proposals to increase or shift the Real Estate Transfer Fee. This revenue source is currently "owned" by Wisconsin counties and they are highly opposed to its diversion and highly mobilized to defeat any proposal to do so. The Wisconsin Realtors Association is also highly opposed to any increase in the fee. IRD does not recommend further action to divert this fee for HTF purposes.
- IRD did advocate for the National Housing Trust Fund created in the Housing and Economic Recovery Act of 2008. \$1 billion has now been proposed to capitalize the Fund in H.R. 4213, the American Jobs and Closing Tax Loopholes Act of 2010. The bill is currently in conference committee and the funding is included in the House version, but not the Senate version.

MEMORANDUM

To: Milwaukee Housing Trust Fund Task Force members
From: Jeff Osterman, Legislative Reference Bureau
Date: March 24, 2006
Subject: FUNDING OPTIONS FOR HOUSING TRUST FUND

+++++

The first meeting of the Housing Trust Fund Financing Models Subcommittee was held on March 13. The Subcommittee's primary task was to develop a list of possible funding sources for the Housing Trust Fund. Funding options were divided into two categories -- those for which no state legislation is needed and those requiring a change in state law. The Subcommittee identified the following as potential funding sources for the Housing Trust Fund:

Funding Options With No State Legislation Required

1. TIF-equivalent general revenue contributions. When a TID is closed, the City could designate the same amount of tax revenue it had been receiving prior to TID closure (from the tax increment used to repay the TID) for the purpose of funding the Housing Trust Fund. The other taxing jurisdictions that forego tax revenues in the TIF process could also do the same thing with their post-closure shares of TID revenues.
2. Set aside a portion of the City's annual bonding for the purpose of funding the Housing Trust Fund. There was some concern about this option because there must be a revenue source to support the bonding, and affordable housing doesn't produce a lot of revenue. On the other hand, it was argued that bonding for this purpose does support economic development and expansion of the tax base.
3. Some kind of development fee or "linkage" fee. Such a fee might be tied to condo conversions or the construction of condos priced at more than \$500,000, for example. There were some philosophical objections to this option (i.e., development fees put development in the city at a competitive disadvantage against development in the suburbs). But maybe the City can offer some kind of development incentive or bonus to developers in exchange for contributing to the Housing Trust Fund (a tax-break type of incentive would probably require state legislation).
4. The City's share of the real estate transfer fee. A State budget bill provision to require Milwaukee County to transmit, to the City of Milwaukee, the City's share of the County's real estate transfer fee proceeds was removed from bill before final adoption.
5. A fee on downtown parking spaces.

6. The addition of a \$1 surcharge to the price of any entertainment-event ticket costing \$30 or more.
7. Proceeds from the sale of City land. However, it was noted that sale proceeds are often minimal (e.g., \$1 lots) and that DCD relies on these proceeds to fund its budget.
8. A portion of the City's Potawatomi Bingo Casino revenues.

Funding Options Requiring State Legislation

1. Increasing the hotel/motel tax.
2. Establishing an income-tax credit for persons who make contributions to the Housing Trust Fund.
3. Using TIF revenues to fund affordable-housing projects outside the individual tax incremental districts (like Minnesota does).

**City of Milwaukee
Active Tax Incremental Districts**

<u>TID #</u>	<u>Project Name</u>	<u>Max Life</u>	<u>Est. Close Out</u>	<u>Remaining Years</u>	<u>Funding Years</u>	<u>Potential Funding</u>
34	Third Ward Riverwalk	2024	2010	14	1	596,252
47	875 East Wisconsin Ave	2029	2010	19	1	484,914
56	Erie/Jefferson	2031	2010	21	1	1,078,645
18	New Covenant Housing	2019	2011	8	1	22,578
30	Westown I / Library Hill	2023	2011	12	1	283,082
35	27th Street & Wisconsin Avenue	2025	2011	14	0	-
27	Clarke Square	2022	2012	10	1	79,814
40	West North Avenue	2027	2012	15	1	176,387
42	MidTowne Center	2027	2012	15	1	800,100
44	Lindsey Heights	2028	2013	15	1	620,765
28	Mid-Town New Housing	2022	2014	8	1	97,998
37	Grand Avenue Redevelopment	2025	2014	11	1	656,176
20	Florida Yards	2020	2015	5	1	150,188
61	Chase Commerce Center	2032	2015	17	1	5,130
15	27th & North Ave	2018	2016	2	0	-
22	Beer Line B	2020	2016	4	1	1,402,010
46	New Arcade	2028	2016	12	1	291,083
54	Stadium Business Park	2031	2016	15	1	150,766
17	Curry/Pierce	2019	2017	2	0	-
48	Park East III	2029	2019	10	0	-
76	S. 27th & W. Howard	2036	2019	17	0	-
41	Manpower	2027	2020	7	1	947,238
62	DRS Power & Technology	2032	2020	12	0	-
63	Falk/Rexnord	2026	2020	6	1	36,806
66	Meccafie Park Homes	2034	2023	11	0	-
70	735 N. Water St.	2034	2024	10	0	-
60	Amtrak	2032	2025	7	1	121,653
58	20th Street & Walnut	2032	2026	6	1	3,735
71	Mitchell Street	2033	2026	7	0	-
72	Bishop's Creek	2035	2026	9	0	-
53	Menomonee Valley	2030	2028	2	0	-
65	North 20th/West Brown Streets	2033	2028	5	1	2,927
51	Granville Station	2030	2029	1	1	187,575
59	Bronzeville	2032	2029	3	1	172,768
68	Fifth Ward/First Place	2034	2029	5	1	64,157
67	The Brewery Project	2034	2031	3	1	122,884
64	Direct Supply	2033	2033	0	1	95,077
75	Reed Street Yards	2034	2033	1	0	-
73	City Lights	2034	2034	0	0	-
74	N. 35th & Capitol Drive	2034	2035	0	0	-
<u>Developer Financed</u>						
55	Holt Plaza	2031	2010	21	1	160,758
39	Hilton Hotel	2027	2015	12	1	176,087
49	Cathedral Place	2029	2016	13	1	403,355
50	Solar Paints	2029	2016	13	1	21,697
52	Sigma-Aldrich Corp.	2026	2020	6	1	121,071
57	Menomonee Valley East/Harley	2032	2028	4	0	-
<u>TIDs closed in 2010</u>						
23	City Hall Square					<u>Increment</u>
38	Grand Avenue Project					206,902
69	New Avenue Commerce Center					457

2010

**City of Milwaukee
Active Tax Incremental Districts**

<u>TID #</u>	<u>Project Name</u>	<u>Max Life</u>	<u>Est. Close Out</u>	<u>Remaining Years</u>	<u>Funding Years</u>	<u>Potential Funding</u>
<u>G.O. Financed</u>						
23	City Hall Square	2021	2010	11	1	588,510
44	Lindsey Heights	2028	2010	18	1	1,121,028
56	Erie/Jefferson	2031	2010	21	1	2,851,400
34	Third Ward Riverwalk	2024	2011	13	1	1,804,791
40	West North Avenue	2027	2011	16	1	480,969
42	MidTowne Center	2027	2011	16	1	1,790,874
47	875 East Wisconsin Ave	2028	2011	17	1	1,432,493
28	Mid-Town New Housing	2022	2013	9	1	282,372
30	Westown I / library Hill	2023	2013	10	1	690,762
18	New Covenant Housing	2019	2014	5	1	60,557
22	Beer Line B	2020	2014	6	1	3,540,535
27	Clarke Square	2022	2014	8	1	201,199
20	Florida Yards	2020	2017	3	1	309,901
17	Curry/Pierce	2018	2018	0	0	-
37	Grand Avenue Redevelopment	2026	2018	8	1	1,449,257
54	Stadium Business Park	2031	2018	13	1	407,711
15	27th & North Ave	2018	2020	-2	0	-
59	Bronzeville	2032	2020	12	1	370,216
46	New Arcade	2028	2022	6	1	788,827
41	Manpower	2027	2024	3	1	2,690,694
35	27th Street & Wisconsin Avenue	2025	2025	0	0	-
51	Granville Station	2030	2025	5	1	365,865
58	20th Street & Walnut	2032	2028	4	1	-
48	Park East III	2029	2029	0	0	-
53	Menomonee Valley	2030	2030	0	0	-
60	Amtrak	2032	2030	2	1	52,616
<u>Developer Financed</u>						
44	Lindsey Heights	2028	2010	18	1	725,115
55	Holt Plaza	2031	2011	20	1	429,135
39	Hilton Hotel	2027	2015	12	1	749,769
49	Cathedral Place	2029	2017	12	1	1,369,779
50	Solar Paints	2029	2017	12	1	72,752
52	Sigma-Aldrich Corp.	2026	2020	6	1	379,825
38	Grange Avenue	2027	2027	0	0	-
57	Menomonee Valley East/Harley	2032	2032	0	0	-

MacDonald, Terry

From: Brian Peters [BPeters@independencefirst.org]
Sent: Wednesday, June 30, 2010 10:31 AM
To: MacDonald, Terry
Subject: FW: [Creating Communities Blog] Example of TID & Housing

Please distribute to the other members of the finance sub-committee.

From: Brian Peters [mailto:brianind1@yahoo.com]
Sent: Wednesday, June 30, 2010 10:28 AM
To: Brian Peters
Subject: [Creating Communities Blog] Example of TID & Housing

Last fall, [I mentioned a new law](#) relating to Tax Incremental Districts and Tax Incremental Financing. To summarize it, the law allows municipalities to pretend that their newly closed Tax Incremental District is still active and direct up to a year of that revenue toward housing, with at least 75% going to affordable housing and up to 25% used to improve the housing stock.

Thanks to [this article](#), I have an example of how this could've worked in Milwaukee.

The Common Council's Zoning, Neighborhoods and Development Committee on Tuesday unanimously approved a resolution dissolving the district, along with two other tax districts created for developments that didn't occur.

As a result, the \$25 million in improvements at City Hall Square, 104 E. Mason St., will be generating around \$640,000 annually for local governments, according to a Department of City Development report.

If the City of Milwaukee had taken advantage of this law with the \$640,000 in revenue, they could've directed at least \$480,000 toward the [City of Milwaukee Housing Trust Fund](#), giving it a much-needed boost, and up to \$160,000 toward lead prevention programs targeting lead paint.

Any community with a closing TID can do the same, directing the money toward some kind of housing programs (such as rehab, homeowner loans, development grants, etc.).

--

Posted By Brian Peters to [Creating Communities Blog](#) at 6/30/2010 10:28:00 AM



Department of Administration
Community Development Grants Administration

Tom Barrett
Mayor

Sharon Robinson
Director of Administration

Steven L. Mahan
Community Block Grant Director

MEMORANDUM

TO: Cathy Madden, Chairperson Housing Trust Fund Finance Sub-Committee

FROM: Steven Mahan, Community Development Grants Administration

DATE: June 18, 2010

RE: United Way Funding

Dear Housing Trust Fund Finance Sub-Committee Members:

On March 18, 2010, the Housing Trust Fund Finance Sub-Committee requested that CDGA make an inquiry to all funded Housing Trust Fund recipients, on whether they had received United Way Funding. On April 21st, 2010, CDGA sent an email to all the listed contacts for each project and asked if their agency had received United Way Funding in the past three years.

Of the Groups that have responded to this request so far, the following have received United Way funding in at least one of the past three years:

Guest House
Milwaukee Christian Center
Northcott Neighborhood House
St. Catherine's Residence (donor designation contributions)
Our Space, Inc. (donor designated contributions)
Habitat for Humanity (donor designated contributions)
United Methodist Children's Services (donor designated contributions)

Those who responded and have not received UW funding are:

Layton Blvd West Neighbors
Martin Luther King Economic Development Corporation
Milwaukee Community Service Corp.

To: Financing Models Subcommittee Members

From: Leo J. Ries

Date: April 20, 2006

Re: Recommendations for funding a Housing Trust Fund (HTF)

After reviewing various options, I am proposing that the Financing Models Subcommittee recommend a two-pronged strategy for financing the proposed HTF. In my opinion, the optimal funding option would require changes in state legislation for implementation. Consequently, I believe our Subcommittee should propose that the City implement the program on a limited scale using funds over which the City already has authority and then, simultaneously, pursue changes in state legislation that would generate more substantial funds over an extended period of time.

Short-term plan:

I believe that our Subcommittee should recommend that the City issue general obligation bonds totaling \$5 million which will provide the start-up capital for the HTF. Repayment of the bond would be tied to TIF-equivalent general revenue contributions for two to three years or until the bond is retired.

Discussion: When a TIF district is closed, the City would designate the same amount of tax revenue it had been receiving prior to closure for the purpose of repaying the bond. The taxing jurisdictions that forego tax revenues in the TIF process could support repayment of this bond or finance an additional bond in a similar fashion with their post-closure shares of the TIF District revenue.

Long-term plan:

I believe that our Subcommittee should also recommend that the City aggressively pursue two legislative changes at the state level that would provide predictable, designated revenue stream for the long term.

1. Change state statutes to permit the City to divert surplus funds from high-performing TIF Districts to a fund specifically to support the activities of the proposed HTF.

Discussion: A 2004 change in state statutes approved the re-establishment of the "Donor TIF" concept. This legislative change allows a successful TIF District to donate excess revenue to a TIF District with an underperforming revenue stream. The legislative change, as proposed here, would extend this concept to include contributions of TIF revenue to the HTF. TIF Districts would be held open beyond the projected retirement date for a modest period of time (e.g. two to four years), during which time the revenue would be directed to the HTF.

Since the revenue coming into the HTF would be variable from one year to the next, the fund could be managed similar to the Tax Stabilization Fund, from which amounts would be budgeted and disbursed annually according to schedule to insure consistent, sustainable levels of annual investment in the City's housing stock, ideally around \$5 million annually. The benefit of this approach is that it would link the prosperity of commercial, industrial and downtown developments to the well being of the entire community. In other words, low-income residents and neighborhoods with depressed

values would also benefit from the economic resurgence that occurs in neighborhoods that are thriving.

2. Establish a "Housing Assistance Tax Credit" to any individual or corporate donor equal to 50% of any contribution made to the Housing Trust Fund or to any project that serves the population targeted by the Housing Trust Fund.

Discussion: The federal government already provides tax credits to encourage the development of affordable housing. This program, known as the Low Income Housing Tax Credit Program or the Section 42 program, is available only for the development of permanent rental housing, is rather complex to utilize, relies in investments primarily from very large corporate and financial entities and does not effectively reach very low income individuals.

The State Tax Credit envisioned here is envisioned having a wider range of eligible uses and could be used to reward modest contributions from individuals as well as substantial investments by large corporations. The program, as proposed here, would create an opportunity for wealthy individuals and corporations outside of the City of Milwaukee to invest directly in the economic future of southeastern Wisconsin by improving conditions within the City. Based on research done by LISC, there are 17 states that have implemented a tax credit program similar to the one proposed here, with credits ranging from 20% to 70% of the donated funds. (Programs established in other states prescribe a varied range of activities as eligible beneficiaries of the tax credit program, such as community services, crime prevention, education, health care services, energy conservation, housing, job training, neighborhood assistance programs, economic development. The tax credit program, as proposed here, could be broadened or limited depending on the will of the policy makers.)



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Meeting Minutes - Final HOUSING TRUST FUND ADVISORY BOARD

ALD. MURPHY, CHAIR
Ms. Cathie Madden, Vice-Chair

Ald. Robert Bauman, James Hiller, Craig Kammholz, Kenneth Little, Jim Mathy, Joanne Passaro, Brian Peters, Kori Schneider Peragine, Michael Soika and Lanie Wasserman
Staff Assistant: Joanna Polanco, 286-2366, Fax: 286-3456, jpolan@milwaukee.gov
Legislative Liaison: Jeffrey Osterman, 286-2262, joster@milwaukee.gov

Thursday, September 9, 2010

11:00 AM

Room 301-A, City Hall

Meeting Call to Order at 11:15 a.m

1. Roll call

Present 7 - Kammholz, Madden, Peters, Passaro, Mathy, Schneider Peragine and Wasserman

Excused 4 - Soika, Little, Hiller and Bauman

Also present:

Steve Mahan, Dept. of Administration

Mario Higgins, Dept. of Administration

Tom Gartner, City Attorney's Office

Jeff Osterman, Legislative Reference Bureau

Chair, Ald. Murphy welcomed and introduced Ms. Lannie Wasserman as the new member appointed to the Housing Trust Fund Advisory Board.

Ms. Wasserman representing Wisconsin IFF. Company provides below market loans to the non profit organizations that serve low income or special needs population. IFF started in Chicago about 22 years ago. Ms. Wasserman is the Director of the Wisconsin IFF office here in Milwaukee. The company has spread in 5 states. In Milwaukee they have done about \$19 million dollars in lending to affordable housing projects, for example Veterans Manor on 35th and Wisconsin Ave, Lisbon Terrace, Villard Square and also community based residential facilities. Ms. Wasserman thanks the board and is excited to be part of the Housing Trust Fund Advisory Board for its involvement with housing.

2. Review and approval of the May 13, 2010 meeting minutes

Mr. Kammholz moved approval of the May 13, 2010 minutes. There were no objections.

3. Nominations and election of the Housing Trust Fund Board Vice-Chair

*Chair, Ald. Murphy nominated Mr. Mathy for the position of Vice-Chair.
Mr. Mathy declined the nomination.*

*Chair, Ald. Murphy nominated Ms. Cathy Madden to Vice Chair.
Ms. Madden accepted. There were no objections.*

4. Discussion relating to advantages and disadvantages of creating a 501 (c)(3)

Ald. Murphy asked Mr. Gartner what would be the best way to try to get additional funding sources into the Housing Trust Fund and distribute more to those who are in need? The Housing Trust fund is listed with AChoice where city employees can make a contribution to the Housing Trust Fund, something like United Way.

Mr. Gartner said that it is ultimately a policy decision for both the Housing Trust Fund Advisory Board and the Common Council. He said that there are a number of different mechanisms that could be use to create a new entity or for the City and Housing Trust Fund Advisory Board to work in cooperation with an existing entity, the focused should be not so much in a new entity, but in the individuals that would be involve in the process and the sources of funding that may be available. There are several options; the City has in the past, worked to create free standing 501(c)(3), an example would be the Milwaukee Economic Development Corporation staffed through the Department of City Development. Once a dependant 501(c)(3) is created there are two issues, what the government structure is and how that entity would relate with the government. If the case is that there would be some kind of cooperation agreement than, there is no need to create a new entity. The city can work with an existing entity. Mr. Gartner said that there are no firm rules as to what the organizational structure should be or to what extent there should be governmental involvement or input. If the basis to create this new entity is to separate that entity from governmental control, than some of the other models might not work as well. Two governmental agencies can get together and form an intergovernmental cooperation agreement to create some form of commission or a body to perform these types of functions. The issue becomes what is the level of governmental participation and what is the perception among the potential donors. At this point if there is really an interest in pursuing a 501(c)(3) structure, the biggest question is, should the Housing Trust Fund Advisory Board look for an existing 501(c)(3) would which could cooperate or would the policy maker pursue the creation of a new entity.

Ald. Murphy said that from the political aspect of things, it would probably not be a likely scenario for the CC to give up control until those two questions are asked in terms of the governance and in terms of the finance. It would be very unlikely. Simple because these are property tax dollars and the city will not give up to the private group to distribute without oversight.

Ms. Passaro asked if the main driver of this exploration is the diversification of revenue.

Ald. Murphy said yes.

Ms. Passaro asked would there be a way to structured some tax dollars separate, then bring together with other dollars for particular projects.

Ald. Murphy said that there could number of scenarios that would do that. So the two

big questions ended up going back to the same thing, finding additional financing scenarios whether it would be a foundation on a regular schedule where they are funding it or a large grant and coming up with the appropriate governance structure. It still within the Finance Committee's prerogative of looking at that.

Ms. Madden asked in terms of the financing levels is there a specific amount the Common Council would be looking for to be able to launch this 501(c)(3)

Ald. Murphy said that it would be a policy question, but he thinks it would have to be something that would match the City's contribution (\$400,000/yr).

Ms. Madden asked if the existing entity is a Community Development Financial Institution (CDFI), can they become the city's 501(c)(3).

Mr. Gartner said that he is not sure what their tax as; he said that they may not be 501(c)(3).

Ms. Wasserman said that this topic would be something to look into.

Ald. Murphy said that the subcommittee can follow up on this topic. however, the funding source have to be identified.

Ms. Wasserman asked if anyone has thought of a foundation to support something like this.

Mr. Kammholz said that yes, there was some interest there, but there was reservations.

5. Review and approval of the recommendations submitted by the Technical Review Subcommittee on the revisions to the application form and scoring sheet

Mr. Mahan said that these were very technical as far as changes made and also information that the department did not use in the review. There was a lot of subjective terminology. The reviews are not ready for distribution. Common council has not looked at the final revision

Ald. Murphy said that this topic needs to be brought back to the next meeting of the Housing Trust Fund Advisory Board. Also, there was a question in creating a second application for consideration of smaller projects. Is that part of that technical review?

Ald. Murphy asked if there is a need to change anything in the ordinance as it relates to the new application.

Ms. Madden said that in prior discussion about the timing of the technical review to coincide with the WHEDDA tax credit being allocated is there any more discussion about that?

Mr. Kammholz said that he anticipates the use of the time tables used for last year.

Ald. Murphy asked how much dollars we have to allocate.

Mr. Higgins said that it should be \$750,000

Mr. Kammholz said that historically the city has awarded \$1.1 - 1.4 Million

Ald. Murphy asked how much has been awarded this year.

Mr. Higgins said that about \$940,000

Ms. Wasserman asked how much money each project received.

Ald. Murphy said that it have been a big range. Also he asked what is the expectation for time lien of the next round of applications.

Mr. Higgins said probably late October.

Mr. Kammholz said that this housing trust fund has been in effect since 2007. When the \$2.5 million dollars in capital funds, bonds proceeds were borrowed for the 2.5 million, but \$900,000 of those dollars have yet to be allocated onto projects. This is not a problem because they can always be change to a later year. If those projects awarded in 2007 never come to fruition, there would probably be a need to have a contingent borrowing file to keep the remaining \$900,000 alive. Also, Mr. Kammholz said that if money lapses there may need to be a clean up resolution for money awarded in a given year that, was not used by the end of such year.

Ald. Murphy asked for an update on the projects.

Mr. Higgins said that most of the projects were under contract. This information will be provided at the next HTFAB meeting.

6. Discussion relating to the process and timeline for next round of Housing Trust Fund awards

This item will probably be discussed in the next HTFAB meeting.

7. Status report on awarded projects

Individuals present from the different agencies that have been awarded by the the Housing Trust Fund that wanted to tell the board how these monies have help their agencies:

*Lynne J. Oehlke, President/Executive Director - St. Catherine
Sara Kiersek, Executive Director - The Dominican Center for Women
Charlotte John -Gomez, Executive Director - Layton Blvd West Neighbors
Teig Whaley-Smith, UMCS Housing Plan - Washington Park Dept.*

Ald. Murphy requested the representatives of the agencies present to submit in writing to his office how the award monies has helped their agency.

Meeting adjourned at 12:05 noon

**Joanna Polanco
Staff Assistant**

UMCS Housing Plan

A project of United Methodist Children's Services

*Deig Whaley-Smi,
deig@damilwaukee.com
414-265-5803*

United Methodist Children's Services current facility, located at 3940 W. Lisbon Avenue, houses UMCS's administrative offices, a licensed day care, and 16 transitional living units for women with children. Adjacent to the existing facility is Washington Park Apartments which was completed in 2009. Washington Park Apartments includes 24 three-bedroom units which are moderately priced permanent housing, and each unit includes a washer and dryer, dishwasher and all kitchen appliances. Washington Park Apartments also includes 10,000 square feet of community-serving space, including the relocation of the Family Resources Center, which is the most heavily utilized emergency food pantry in Milwaukee County, serving over 40,000 people in 2009, and provides several other resources to area residents. Residents of Washington Park Apartments have access to the Family Resource Center, the UMCS Daycare, and other supportive services offered by UMCS. Among its many environmentally-friendly elements, the Washington Park Apartments includes a solar hot water system that will also help mitigate families' utility costs.



UMCS Existing Facility



UMCS Family Townhomes

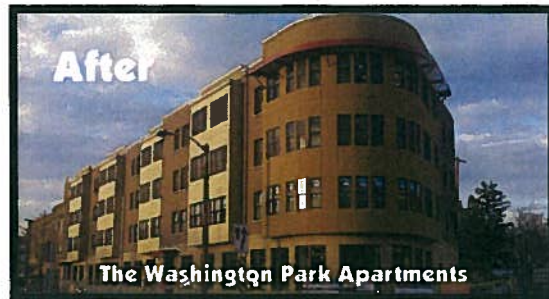
Also a part of the UMCS campus is the UMCS Family Townhomes, a six unit development completed in 2008. The townhomes are spacious three bedroom units with detached garages, basements, and quality materials built to last.

In 2010 UMCS intends to expand on the success of the UMCS Family Townhomes by constructing an additional 14 townhome units, together with a 10 unit apartment building along Lisbon Avenue, ("UMCS Phase III"). These new sites will utilize vacant City-owned land as well as bank-owned properties acquired through foreclosure to improve the neighborhood and eliminate blight.

50%	Percentage of Construction Dollars spent with Emerging Business Enterprises
54%	Percentage of Construction Hours worked by City of Milwaukee Residents
14%	Percentage of Construction Hours worked by Residents of Project's Zip Codes or adjacent

Washington Park Apartments Workforce Development Achievements

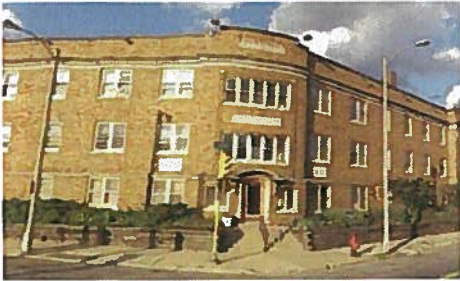
With UMCS' existing transitional units, the independent townhome units, and the additional family apartment units—UMCS will be able to provide a continuum of housing options for families to sustain independence, and contribute to the revitalization of Washington Park.



The Washington Park Apartments

UMCS Housing Plan

A project of United Methodist Children's Services



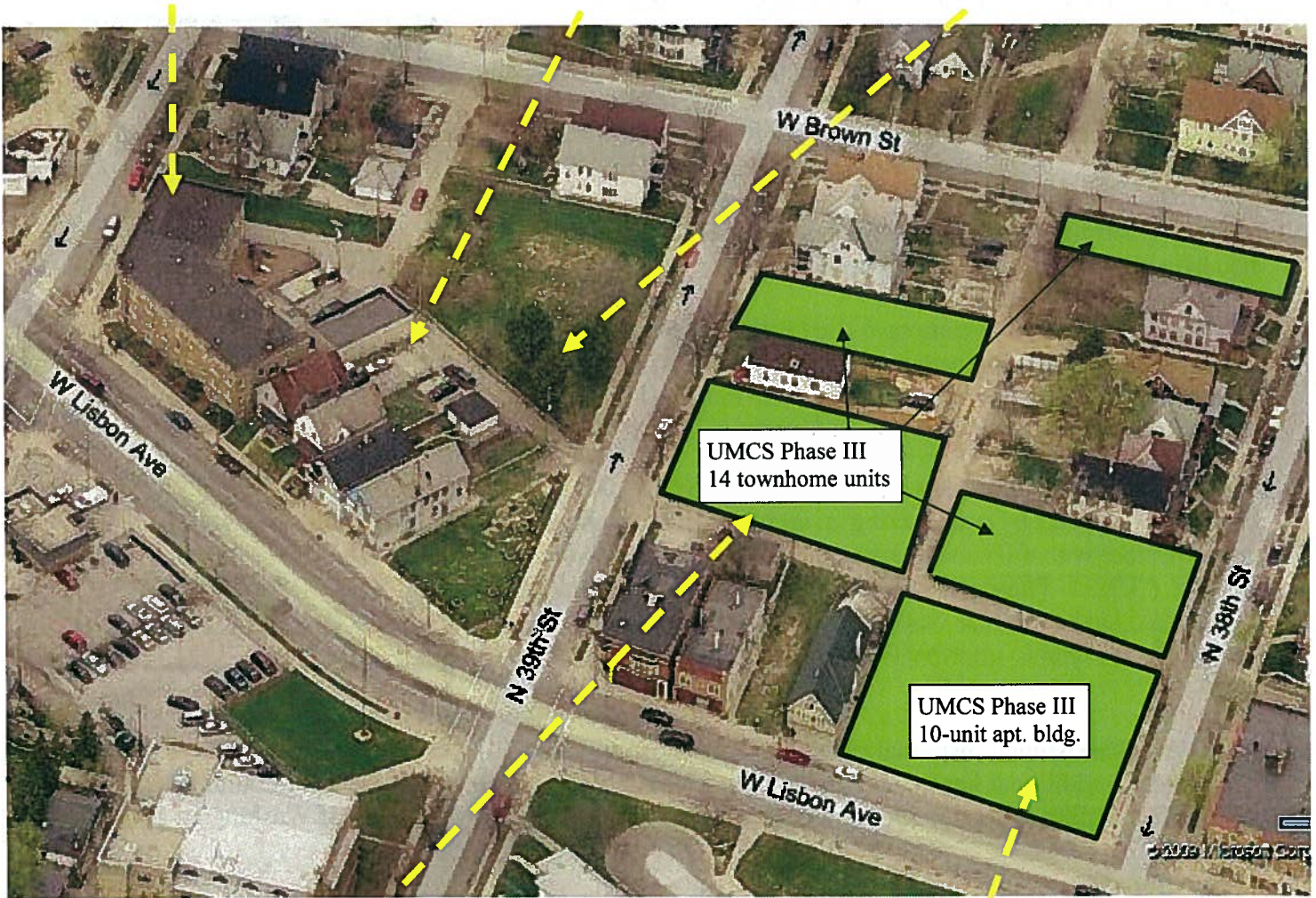
UMCS Transitional Living Program



Washington Park Apartments



UMCS Family Townhomes





City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Meeting Minutes HOUSING TRUST FUND ADVISORY BOARD

ALD. MURPHY, CHAIR
Ms. Cathie Madden, Vice-Chair

Ald. Robert Bauman, James Hiller, Craig Kammholz, Kenneth Little, Jim Mathy, Joanne Passaro, Brian Peters, Kori Schneider Peragine, Michael Soika and Lanie Wasserman
Staff Assistant: Joanna Polanco, 286-2366, Fax: 286-3456, jpolan@milwaukee.gov
Legislative Liaison: Jeffrey Osterman, 286-2262, joster@milwaukee.gov

Thursday, October 14, 2010

11:00 AM

Room 301-B, City Hall

Meeting Call to Order at: 11:06 A.M.

1. Roll call

Also present"

Steve Mahan, Dept. of Administration

Tom Gartner, City Attorney's Office

Jeff Osterman, Legislative Reference Bureau

Present 8 - Soika, Kammholz, Madden, Peters, Wasserman, Passaro, Schneider Peragine and Bauman

Excused 2 - Mathy and Little

2. Review and approval of the September 9, 2010 meeting minutes

Mr. Soika moved approval of the September 9, 2010 minutes seconded by Ald. Bauman. There were no objections

3. Review and approval of the recommendations submitted by the Technical Review Subcommittee on the revisions to the application form and scoring sheet

Mr. Mahan presented to the committee the reviewed application for funding. Each page had comments that were discussed with the entire board:

COMMENT #1 (m1): proposed release date Monday, October 18th - 3 weeks before submittal

COMMENT #2 (m2): Need to evaluate whether we still need 15 copies; 1 for the City Attorney's office, 1 for the City Clerk, 1 for Office of Administration - Community Block Grant Office and 1 for each Technical Review Subcommittee member (9 copies).

COMMENT #3 (m3): Calculate appropriate amount

Mr. Mahan said made reference to the last bullet point under FUNDING

GUIDELINES "2% of available Housing Trust Fund dollars or \$100,000, which ever is less, must be used to fund accessibility improvement", he asked if this is something we are going to hold firm to. How much of the allocation has to go toward the accessible units.

Mr. Peters said that he does believe it has to be 100% accessible, but they have to improve accessibility, to at least, be visitable.

Mr. Mahan said that has been the standard.

Mr. Peters said that one of his goals with this number was so that some of the money would be made available for some kind of loan or available fund to make things accessible, particularly if they have a renter or home owner that, has not made available so far.

Mr. Mahan said that, that would be a definite need for discussion.

Ms. Wasserman said that although she is relatively new on the scoring system, they do get points for accessibility, if they were accessibility would that help the applicant receive more points toward the application. Increase the likelihood of getting funded as opposed to having in the funding guidelines.

Ald. Murphy and Mr. Mahan said that that system is in placed already.

Mr. Peters said that he would of liked for the Technical Subcommittee to have had more time to discuss this issue.

Ms. Madden asked Mr. Peters what is the issue if almost 75% are visible.

Mr. Peters said that the goal was to give the developer extra money to make things accessibility, to make that funding available to them. kind of as an incentive to make things more accessible.

Mr. Soika moved to for the points on the applicaiton be increased and the language to read: (m3), to say "Fund accessibility or visitability improvement or modification with the goal that at least 2% of the Housing Trust Fund". seconded by Ms. Madden. There were no objections.

*COMMENT (m4): One project funded fo far that was 100% funded MCC-NIP
Mr. Mahan said to remove the language: "The Housing Trust Funds may not be used as the primary source of funds for any projects."*

Ald. Bauman moved to strike that sentence seconded by Mr. Kammholz. There were no objections.

COMMENT (m5): should this apply to modest projects as referenced below.

Under AFFORDABILITY REQUIREMENTS

2. Owner-Occupied Housing and Homeownership: The requirement to live in the home for at least 5 years will be enforced through a deed restriction or the other comparable security instrument approved by the Board.

Mr. Kammholz suggested to leave the language in with the exception by the CDGA office. If there were circumstance that we would be able to waive the fees. The recommendations would have to come from CDGA office.

Mr. Peters asked how much time and money goes into writing that kind of a lien.

Mr. Gartner said that if a grant is given to a community group, which goes out and does minimal work for those homeowners in order to memorialized that, it requires the homeowner to sign a mortgage or some other form of agreement to be reported. The real dilemma comes if there is fairly modest federal assistance provided to that homeowner and that person needs or wants to sell their home one or two years later, it really impairs the marketability of that unit because they can only sell it to another person that would fit the income criteria. It is important to have administrative flexibility to waive those fees.

COMMENT (m6): Most rental projects contain mostly 60% units and less 50% units this seems to conflict with low funding that has been done. 50% of the County Median Income.

Mr. Soika said that based on data we hear, Milwaukee ranks 4th highest city in poverty in the nation and the Housing Trust Fund was designed specifically to drive housing to the poor, for this reason Mr. Soika asked the 50% remains as is.

Ald. Murphy wants for the Technical Subcommittee make that decision than the overall board, on the application versus cutting off our choices.

Mr. Peters commented that as he was reading the language, it does not seem to encourage mixed income housing, so maybe change it to say at this percent of units, have serve 50% in order to give the developer more flexibility.

Mr. Soika moved to leave the language of 50% of the County Median Income as part of the application. seconded by Mr. Peters. Motion failed by the following vote: 3 ayes, 6 noes. Therefore, the 50% income will still have to be review by the Technical Subcommittee in order to determine what should this percentage should be change to.

COMMENT (m7): These terms are defined at the end of the application. Minority, Women, Disadvantaged, Emerging

COMMENT (m8): Added website to give clarity to the expectations.

Mr. Kammholz brought attention to page #7 of the application to make sure the date was accurate. Completed applications and required attachments must be received at the Community Development Grant Administration office no later than 4:00 p.m. on Friday, November 12, 2010. No extensions will be granted. Submit the original and fifteen (15) copies to: Mr. Steve L. Mahan, Director Community Development Grants Administration 200 East Wells Street, Room 606 Milwaukee WI 53202

COMMENT (m9): Proposed amount in each category based on calculations.

COMMENT (m10): Total amount available not including 2011

Mr. Kammholz said that the benchmark have to be put in based on funding.

Mr. Mahan asked Mr. Kammholz due to the timing of this application, are we looking at the 2011 proposed number or the 2010 number.

Mr. Kammholz said that it may be a bit presumptuous to established a total dollar amount of funding prior to the budget adoption.

COMMENT (m11): new question - generally had to go back and ask for this information. Helps determine feasibility of project.

page 14 of the application, question #3 b. If yes, has the project secured an equity

investor and at what price.

On page 19 of the application, question 7 b. Will this project proactively facilitate the movement of persons from institutions into the community? If so, how?

COMMENT (m12): Not sure how this question defers from the above questions.

Mr. Peters said that two years ago he noticed the applicants were saying that this room would be available for people and that is not what I wanted to see. I wanted to ask to see what are they doing proactively, I did not intend for both questions to be on the application. so, Mr. Peters will be satisfied with question 7b.

Ald. Murphy suggested to change the question to read, please describe how this project will facilitate the movement of persons from institutions into the community.

Mr. Peters said that he would really like to see the word "proactively" stayed in there.

Ald. Murphy said okay, please describe how this project will proactively facilitate the movement.

In this section please describe all the methods the project will utilize to employ and contract with local residents and business:

COMMENT (m13): New statement. Reorganized question in this section

COMMENT (m14): added "method of recruitment"

Mr. Mahan said that these question have only been restructured to describe ALL methods the project will utilize for recruitment.

COMMENT (m15): Added question to include and encourage the use or creation of training programs. Need to consider how we reflect this in the scoring criteria.

Page 20 of the application, question #9

Will this project provide training opportunities or utilize local training programs to enhance employment opportunities to local residents.

Page 20 of the application, question #10

Will this project give priority to Certified (City, County or State)

Emerging/Disadvantaged/Women/Minority/or Section 3 business enterprise contractors)

COMMENT (m16): Added "Certified" to give clarity of what the HTF is looking for.

Additionally, named the different types of programs offered by City, County, and State,. Briefly describe them in the last section of application.

Ms. Schneider-Peragine asked if the application could include, from the Fair Housing perspective, if a project is contributing to a community intergration or its segregation. The Housing Trust Fund would not want projects that would contribute for segregation. Is there a way to address that.

Mr. Kammholz said that the scoring sheet does include community intergration. This has always been a moving target in terms of definition. It is considered and scored in the application.

Ald. Bauman moved approval of the changes recommended by the Technical Review Subcommittee, seconded by Mr. Kammholz. There were no objections.

Present 9 - Soika, Kammholz, Madden, Peters, Wasserman, Passaro, Mathy, Schneider Peragine and Little

4. Discussion relating to the process and timeline for next round of Housing Trust Fund awards

Mr. Kammholz moved approval of the timeline as outline by the HTF, seconded by Ms. Madden. There were no objections.

5. Status report on awarded projects

Mr. Mahan explained that there was a total of 408 units. 335 units were visitable and 207 were supportive housing units. The average cost per unit remains the same \$7,368; the total HTF award remains \$3,006,145, leverage dollars also remains the same \$62,216,641.

Mr. Mahan said that he will be resubmitting the final document to the board.

Ald. Murphy asked Mr. Mahan to do a press release to inform the community about the progress and success of the Housing Trust Fund Advisory Board.

Meeting adjourned at 12:02 noon

Joanna Polanco

Staff Assistant

REVISED 9/28/10



**CITY OF MILWAUKEE
HOUSING TRUST FUND**

**APPLICATION RELEASE DATE
OCTOBER 18, 2010**



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING 2010

PROPOSAL CHECKLIST - YEAR 2010

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 4:00 p.m. on Friday, November 5, 2010.** No extensions will be granted.

Comment [m1]: Proposed release date Monday, October 18th - 3 weeks before submittal

Submit the original and fifteen (15) copies to:

Comment [m2]: Need to evaluate whether we still need 15 copies

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.



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING 2010

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.

Comment [m3]: Calculate appropriate amount

***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 2010

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.**

Comment [m4]: One project funded so far that was 100% funded MCC-NIP

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.

Comment [m5]: Should this apply to modest projects as referenced below.

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.

NOTES:

- Projects not meeting the minimum affordability requirements are ineligible.
- Additional points will be assigned, on a sliding scale, for projects that exceed the minimum period of affordability.



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING 2010

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.

Comment [m6]: Most rental projects contain mostly 60% units and less 50% units this seems to conflict with how funding has been done

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.
- Exceed the term of affordability beyond the minimum required by the Housing Trust Fund.
- Use workers from the neighborhood and/or give priority to M/W/D/E/Section 3 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.

Comment [m7]: These terms are defined at the end of the application. Minority, Women, Disadvantaged, Emerging



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING 2010

ACCESIBILTY REQUIREMENTS

1. **Multi Family PROJECTS (Three or more units)**

All new construction or substantial rehabilitation projects receiving Housing Trust Funding must comply with the following standards:

- Section 504 of the Rehabilitation Act of 1973 - <http://www.epa.gov/civilrights/sec504.htm>.
- Fair Housing Act as amended - <http://www.hud.gov/offices/fheo/disabilities/fhefnag.cfm>.
- Americans with Disabilities Act (with respect to marketing-office and common areas) - <http://www.ada.gov/stdspdf.htm>.
- Wisconsin Open Housing Act - http://dwd.wisconsin.gov/er/discrimination_civil_rights/publication_erd_11057_p.htm.
- Architectural Barriers Act - <http://www.access-board.gov/about/laws/aba.htm>.

Comment [m8]: Added websites to give clarity to the expectations.

Additionally, these projects must meet at least one of the following design principles:

1. Aging in place
2. Universal design
3. Any other accessible and/or adaptable design criteria approved by the Housing Trust Fund Advisory Board.

2. **HOMEOWNERSHIP PROJECTS (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.

3. 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 2010

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 4:00 p.m. on Friday, November 5, 2010. 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 Mario Higgins of Community Development Grants Administration at Mario.Higgins@milwaukee.gov. Your application should be submitted on or before the above indicated date and time be sure to include all items indicated below:

1. A fully completed application. If a question does not apply, indicate this on the application.
2. Project or Business plan
3. Project cost analysis including acquisition, construction, rehabilitation, renovation and other applicable costs,
4. Source of funding. Provide copies of any financial commitments obtained for acquisition, construction and permanent loans.
5. A minimum 5-year projected pro-forma for all rental projects (Not required for Homeownership Category)
6. An affordability analysis indicating the income level household that can afford the proposed housing at current interest rates or rent levels.
7. 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.
8. Tax returns for three years (Individual 1040, Corporate 1120, Form 990, and Partnership 1065).
9. Site photos showing front and rear of building (if applicable). If vacant land, pictures from the north, south, east and west.
10. Market analysis for projects containing twelve or more residential units.
11. Resumes and qualifications of the development team.
12. Post rehabilitation or new construction appraisal

The City of Milwaukee reserves the right to request additional information as deemed necessary by the Housing Trust Fund Advisory Board



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING 2010

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.

ALL AWARDS ARE SUBJECT TO NEGOTIATION OF FINAL TERMS.



**CITY OF MILWAUKEE
HOUSING TRUST FUND**

APPLICATION FOR FUNDING 2010

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	2009 Funds Available	Amount Requested
Homelessness	\$173,464	
- Rehabilitation of Existing Facility		\$
- New Construction of Facility		\$
- Provide Supportive Services		
Rental Housing	\$242,850	
- Rehabilitation of Existing Structure		\$
- New Construction		\$
Home Ownership	\$173,464	
- Rehabilitation of Existing Structure(s)		\$
- New Construction		\$
- Owner-Occupied Rehabilitation		\$
- Homebuyer Counseling Services		
- Post-Purchase Counseling Services		
Other Needs as Identified	\$104,077	
TOTAL	\$693,855	\$
Indicate the percentage and amount of HTF funds requested that will be used to fund accessibility improvements or modifications. →		____ % \$ _____

Comment [m9]: Proposed amount in each category based on calculation.

Comment [m10]: Total amount available not including 2011.

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 2010

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. Also, describe the partners and specific funding source(s) for the 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 2010

*DO NOT WRITE BELOW
For City of Milwaukee HTF Use Only*

Reviewer's Comments:

Score:

DRAFT



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING 2010

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.

DO NOT WRITE BELOW
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Reviewer's Comments:

Score:



**CITY OF MILWAUKEE
HOUSING TRUST FUND**

APPLICATION FOR FUNDING 2010

PART IV: PROJECT FINANCING

1. Please Attach the Following Items

- Sources and Uses of all funds
- Development Budget
- Project 5-Year Pro-Forma (Not required for Homeownership projects)
- Cash Flow Statement

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

3. If the project utilizes Tax Credits, have the Tax Credits been awarded?

___ Yes ___ No

a. If yes, attach notice of Tax Credit award.

b. If yes, has the project secured an equity investor and at what price

___ Yes ___ No Price of Credits - ___ cents.

Comment [m11]: New question – generally had to go back and ask for this information. Helps determine feasibility of project.

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

___ Yes ___ No

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

___ Yes ___ No



**CITY OF MILWAUKEE
HOUSING TRUST FUND**

APPLICATION FOR FUNDING 2010

6. 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 _____

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

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

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



**CITY OF MILWAUKEE
HOUSING TRUST FUND**

APPLICATION FOR FUNDING 2010

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**

4. **Briefly summarize the project management plan. Identify the staff or agency responsible for ongoing project management and any experience specifically related to this project. (Does not apply to Homeownership Programs)**

Attach copy of Management Plan.



**CITY OF MILWAUKEE
HOUSING TRUST FUND**

APPLICATION FOR FUNDING 2010

*DO NOT WRITE BELOW
For City of Milwaukee HTF Use Only*

Reviewer's Comments:	Score:
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PART VI: FURTHERANCE OF HOUSING TRUST FUND GOALS

1. Describe the accessibility *improvements or modifications that are in excess* of what are required by the Fair Housing Act and Section 504, please provide an *estimated cost*.

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 HOUSING TRUST FUND

APPLICATION FOR FUNDING 2010

4. Does this project increase the diversity of housing types in the neighborhood?

Responses to this question should describe how the proposed project will provide a new type of housing choice in the neighborhood in which it is situated.

___ Yes ___ No

a. If yes, please describe:

5. Will this project utilize green building principles?

___ Yes ___ No

a. If yes, please describe:

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?

(e.g. Example #1 Developers may have an MOU with a job training agency, agreeing to help train and/or employ the agency's clients – either in the construction of the project or in the ongoing management and operations of the project.

Example #2 Developers may have sited their project in a specific location as a result of discussions with neighborhood employers that have identified the lack of suitable affordable housing for their employees as a concern.)

___ Yes ___ No

a. If yes, please describe:



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING 2010

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

Yes No

a. If yes, please describe:

b. Will this project proactively facilitate the movement of persons from institutions into the community? If so, how?"

Comment [m12]: Not sure how this question defers form the above question.

In this section please describe all the methods the project will utilize to employ and contract with local residents and businesses:

Comment [m13]: New Statement. Reorganized question in this section

8. Will this project utilize workers from the neighborhood?

Yes No

a. If yes, please describe method of recruitment:

Comment [m14]: Added "method of recruitment"



**CITY OF MILWAUKEE
HOUSING TRUST FUND**

APPLICATION FOR FUNDING 2010

9. Will this project provide training opportunities or utilize local training programs to enhance employment opportunities to local residents?

Yes No

a. If yes, please describe:

Comment [m15]: Added question to include and encourage the use or creation of training programs. Need to consider how we reflect this in the scoring criteria.

10. Will this project give priority to Certified (City, County, or State) Emerging/Disadvantaged/Women/Minority/or Section 3 business enterprise contractors?

Yes No

a. If yes, please describe:

Comment [m16]: Added "Certified" to give clarity of what the HTF is looking for. Additionally, named the different types of programs offered by City, County, and State. Briefly describe them in the last section of application.

11. Will the project use contractors who pay family-supporting wages for all workers on the project (family supporting wages are defined as \$8.80 per hour)?

Yes No

a. If yes, please describe:



**CITY OF MILWAUKEE
HOUSING TRUST FUND**

APPLICATION FOR FUNDING 2010

*DO NOT WRITE BELOW
For City of Milwaukee HTF Use Only*

Reviewer's Comments:

Score:

DATA



CITY OF MILWAUKEE HOUSING TRUST FUND

APPLICATION FOR FUNDING 2010

PART VI: DEFINITION OF TERMS:

- **County Median Income (CMI)** – Median income of Milwaukee, Waukesha, Ozaukee, and Washington Counties as determined by Department of Housing and Urban Development.
- **Emerging Business Enterprise** – business that is certified by the City of Milwaukee's Emerging Business Enterprise Program. It is small business concern that is owned, operated and controlled by one or more individuals who are at a disadvantage (i.e. educationally, employment, socially, in respect to business location, and business training). The individuals must have day-to-day operational and managerial control and interest in capital, financial risks and earnings commensurate with the percentage of their ownership.
- **Disadvantage Business Enterprise** – a business that is certified by Milwaukee County Community Business Development Partners and (1) That is organized as a for-profit business, that at least 51% owned and controlled by a socially and economically disadvantaged individual(s) (2) Is a U.S. citizen or lawfully admitted permanent resident of the U.S. (3) That meets the Small Business Administration's (SBA's) size standard and does not exceed \$20.41 million in gross annual receipts.
- **Minority Owned Business Enterprise** – a business that is certified by the State of Wisconsin Department of Commerce and (1) Member of an ethnic minority group: Native American, Black, Hispanic, Asian Indian, Asian Pacific, Aleut, Eskimo, or Native Hawaiian. (WisDOT does not recognize women as minorities. Therefore, women-owned businesses are not eligible for minority certification); (2) Be at least 51% owned, controlled and actively managed by minority group members; (3) Serve a "useful business function" and have customers other than the state of Wisconsin; and (4) Must be at least one (1) year old under current ownership.
- **Section 3 Business** – (1) a business that is at least 51 percent or more owned by low-income (below 80% CMI) resident of the City of Milwaukee, or (2) Whose permanent, full-time employees include persons, at least 30 percent of whom are currently Section 3 residents, or within three years of the date of first employment with the business concern were Section 3 residents, or (3) That provides evidence of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontracts to be awarded to a Section 3 business concern. Businesses can be certified by the City of Milwaukee Community Development Grants Administration.
- **Section 3 Resident** - Public housing residents and low and very-low income persons who live in the City of Milwaukee.
- **Women Owned Business Enterprise** – a business that is certified by the State of Wisconsin Department of Commerce. It is organized as a for-profit business, it is at least 51% owned, controlled, and actively managed by one or more women who are either U.S. citizens or lawfully admitted to the United States for permanent residence.

ATTACHMENT C

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

	<i>Max 115 Pt Scale(a)</i>	
	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		5
Meets HTF Affordability Period	1	
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	
Employment and Contracting for City of Milwaukee residents and businesses		15
Creation of training program to provide better employment opportunities		
Use of existing training programs that provide employment opportunities		
Use of Residential Preference Program or Section 3 requirements		
Did agency describe an effective method of recruitment for local residents?		
Use of Certified M/W/D/E/Section 3 Businesses greater than 18% participation		
Did agency describe an effective method of recruitment for local businesses?		
All workers paid a Family Supporting Wage at a minimum of \$\$\$\$\$\$		
Neighborhood Diversity		5
Project Increases diversity of housing types in the neighborhood		
Green Building Principles		5
Project Utilizes Green building Principles		
Coordination with Community Institutions		5
Project is Coordinated with Community Institutions		
Community Integration		5
Move persons from institutions to community		
Experience		10
Agency experience with same type/similar project	2	
Staff experience with same type/similar project	4	
Management Agency Experience	4	
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 \$		
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		115

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

- (a) 115 point maximum applies to projects requiring on-site services such as Shelter + Care. Maximum points available for all other projects is 110.
- (b) Only applies to projects requiring on-site services such as Shelter + Care

DRAFT

Timeline for 2011 HTF Funding Allocations

Thursday, October 14, 2010	Release DRAFT- 2011 HTF Application for discussion and approval by Housing Trust Fund Advisory Board put on website; mailings
Week of October 18, 2010	Application available for pick-up from CDGA office, put on website; mailings sent. Can publish if necessary.
Tentative date of October 27th or 28th	Application Review and Technical Assistance meeting.
Friday, November 12, 2010	Applications due back to CDGA by 4:00 pm
Friday, November 19, 2010	Applications available for pick-up by Technical Review Committee
Week of December 13, 2010	Technical Review Committee finalizes recommendation for funding
Thursday, January , 2010	HTFAB adoption of 2011 funding recommendations
January 2010	Common Council adoption of 2011 Housing Trust Funding recommendations

HOUSING TRUST FUND AWARDS BY ORGANIZATION

Organization Name	Housing Trust Fund Award	Proposed Leverage	Funding Category	Project Description	Number of Housing Units
Approved by Common Council 02/05/08 Heartland Housing/Guest House	125,000	4,510,927	Rental	Rehabilitation of apartments	24
Mercy Housing Lakefront	750,000	9,808,340	Homelessness	Permanent supportive living facility for homeless	80
Milwaukee Christian Center	68,000	398,994	Homeownership	New Construction housing for homebuyers	2
St. Catherine's Residence, Inc.	264,000	5,293,028	Rental	Construction of new rental for women	42
United Methodist Children's Services	200,000	6,279,862	Rental	Expansion of UMCS headquarters to include low-income housing	24
	1,407,000	26,291,151		Total Units	172
	Total Awards 3,006,145	62,216,641			408

Unallocated Amount	143,855	Average HTF Cost per unit	\$7,368
Returned by Heartland Housing	150,000	Total HTF Awards	\$3,006,145
2010 Budget Allocation	400,000	Total Proposed Leverage	\$62,216,641
Available to allocate	693,855	Number of Visitable Units	335
Housing Trust Funds Total	3,700,000		

HOUSING TRUST FUND AWARDS BY ORGANIZATION

<u>Organization Name</u>	<u>Housing Trust Fund Award</u>	<u>Proposed Leverage</u>	<u>Funding Category</u>	<u>Project Description</u>	<u>Number of Housing Units</u>
<u>Approved by Common Council 03/02/10</u>					
<u>Resolution #</u>					
Center for Veterans Issues, Ltd.	168,395	11,194,253	Rental	Veterans Manor 35th @ Wisconsin Av	52
Layton Blvd. West Neighbors	20,000	155,000	Homeownership	LBWN Turnkey Renovations	1
Northcott Neighborhood House, Inc.	105,000	1,378,970	Homeownership	Accessible Housing 26th @ Cherry St.	3
Our Space, Inc.	375,000	6,879,224	Rental	Empowerment Village (1527 W. National Ave.)	35
	<u>668,395</u>	<u>19,607,447</u>			<u>91</u>
<u>Approved by Common Council 02/10/09</u>					
<u>Resolution #081375</u>					
Bishop's Creek	250,000	9,363,509	Rental	Bishop's Creek Family Housing (4763 North 32nd Street)	55
Dominican Center for Women, Inc.	147,000	75,000	Homeownership	Owner-Occupied rehabilitation	12
Layton Blvd. West Neighbors	14,000	250,000	Homeownership	LBWN Turnkey Renovations	1
Milwaukee Christian Center	126,000	0	Homeownership	Neighborhood Improvement Project (multiple locations)	5
Milwaukee Community Service Corp.	33,750	200,000	Homeownership	Energy Improvement - Homebuyer	2
Milwaukee Habitat for Humanity	100,000	100,000	Homeownership	Rehabilitation - Homebuyer	10
MLK Economic Dev. Corp.	100,000	5,665,917	Rental	King Drive Commons III (2735 MLK Dr.)	24
Rebuilding Together Greater Milwaukee	75,000	200,000	Homeownership	Owner-Occupied rehabilitation	20
United Community Center	75,000	463,617	Homelessness	AODA (6TH AND Scott Streets)	16
	<u>920,750</u>	<u>16,318,043</u>			<u>145</u>
<u>Approved by Common Council 09/16/08</u>					
LISC					
(File #080645)					
	10,000			Joint Study with Public Policy Forum "A Sustainable Approach to Creating and Administering Low-Income and Special Needs Housing in Milwaukee County"	



Milwaukee Housing Trust Fund...

A Bright Light in Tough Times

After two years of operation – the Milwaukee Housing Trust Fund has exceeded all expectations

Housing Trust Fund (HTF)	Result from HTF Investment
Total City of Milwaukee dollars invested in the Housing Trust Fund (2008 – 2010)	\$3 Million
Total additional housing development dollars Leveraged by HTF	\$62 Million
HTF Dollar Leverage Ratio	For every \$1.00 of HTF funds another \$21 was generated from loans, grants and equity dollars
Number of New Affordable Housing Units	322
Additional Economic Benefit from Development of new Affordable Housing	<p>According to a formula created by the National Association of Home Builders – this level of funding for new affordable housing would likely generate</p> <ul style="list-style-type: none"> • Hundreds of new Jobs • Millions of new dollars flowing into the local economy

Housing Trust Fund total allocation, leverage match and units built data was provided in a HTF report created September 2010 by the City of Milwaukee Community Development Grants Administration.

For more information contact Mike Soika - YMCA Urban Campus (414) 274-9622



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin 53202

Meeting Minutes HOUSING TRUST FUND ADVISORY BOARD TECHNICAL REVIEW SUBCOMMITTEE

Craig Kammholz, Chair
Joanne Passaro, Brian Peters, Kori Schneider Peragine, and
Lanie Wasserman

Staff Assistant, Joanna Polanco
Phone: (414) 286-2366, jpolan@milwaukee.gov

Friday, December 3, 2010

1:30 PM

Room 301-A, City Hall

Meeting convened at 1:35 P.M.

1. Roll call

Individuals present:

Mario Higgins, Community Block Grant Administration

Present 5 - Kammholz, Passaro, Wasserman, Peters and Schneider Peragine

2. Review and approval of minutes of June 25, 2010 meeting

Motion by Mr. Peters to approved minutes, seconded by Mr. Kammholz.
There were no objections.

3. Discussion relating to the clarification and the purpose behind the language change to the Housing Trust Fund application

Mr. Peters stated that he got confused when sending his email requesting the clarification of the language.

Mr. Higgins explained that there was not really an intent to change the language. There was just a point of clarification as he was going through the application that, did not get conveyed when Mr. Mahan was before the full board.

4. Review the updated funding guidelines and procedures for the Housing Trust Fund

Mr. Kammholz opened the discussion by saying that, the Housing Trust Fund received 12 proposals. There are standard practices of how these are evaluated. The Funding Guidelines for 2010 Housing Trust Fund Project Award. (Exhibit). There are \$1,757,628.00 available for funding. The job of this body is to indentify the best proposal possible to go forward, the Technical subcommittee votes on the procedures apply in coming up with the recommendations.

Mr. Kammholz asked members to forward any questions they may have between now and December 10, the date of the next meeting, to be forward to the Staff Assistant and she will distribute to Mr. Higgins

Mr. Kammholz asked Mr. Higgins if there are any outstanding issues with the Homelessness.

Mr. Higgins said no

Mr. Kammholz directed the members to fill out their spreadsheet form, based on the scoring point system sheet criteria and Mr. He also said that the only public sheet in regards to scores, will be the combined scoring sheet that it will be used as supporting documentation to the recommendations the Technical Subcommittee will provide to the full housing trust fund advisory board.

Motion by Mr. Kammholz, seconded by Ms. Passaro to approve Funding Guidelines for 2010 Housing Trust Fund Project Award. There were no objections.

5. Review and discussion of the housing trust fund applications

No further discussion took place regarding the application. Application was discussed in length at the full housing trust fund board meeting of the October 14, 2010.

This was

6. Next meeting date, time and agenda

*Friday, December 10 at 9:00 A.M.
Port of Milwaukee, Conference Room
2323 S Lincoln Memorial Dr.*

**Meeting adjourned at 2:36 P.M.
Joanna Polanco
Staff Assistant**



CITY OF MILWAUKEE HOUSING TRUST FUND
Scoring Point System

	Max 115 Pt Scale(a)	
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Leveraged Dollars		15
HTF dollars are less than 3% of total project cost	15	
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Income Targets - Please Use Attached Chart		15
# of units with residents up to 30% of income target		
# of units with residents between 30% and 50% of income target		
# of units with residents between 50% and 60% of income target		
# of units with residents between 60% and 80% of income target		
# of units with residents between 80% and 100% of income target		
Affordability Period	5	10
Meets HTF Affordability Period	1	
Exceeds HTF Affordability Period by 25%	2	
Exceeds HTF Affordability Period by 50%	5	
Exceeds HTF Affordability Period by 75%	8	
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Employment and Contracting for City of Milwaukee residents and businesses		15
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Use of existing training programs that provide employment opportunities		
Use of Residential Preference Program or Section 3 requirements		
Did agency describe an effective method of recruitment for local residents?		
Use of Certified M/W/D/E/Section 3 Businesses greater than 18% participation		
Did agency describe an effective method of recruitment for local businesses?		
All workers paid a Family Supporting Wage at a minimum of \$8.80 per hour?		
Neighborhood Diversity		5
Project Increases diversity of housing types in the neighborhood		
Green Building Principles		5
Project Utilizes Green building Principles		
Coordination with Community Institutions		5
Project is Coordinated with Community Institutions		
Community Integration		5
Move persons from institutions to community		
Experience		10
Agency experience with same type/similar project	2	
Staff experience with same type/similar project	4	
Management Agency Experience	4	
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 \$		
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		115

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

- (a) 115 point maximum applies to projects requiring on-site services such as Shelter + Care. Maximum points available for all other projects is 110.
- (b) Only applies to projects requiring on-site services such as Shelter + Care

INCOME TARGETING TABLE		*CMI Based On Average Household Size of 4	
CMI %	Rating Points		
Up to 30%	15	0	21,350
>30% to 50%	12	21,351	35,550
>50% to 60%	9	35,551	42,700
>60% to 80%	6	42,701	56,900
>80% to 100%	3	56,901	71,100

*County Median Income 4 person household \$71,100

UNIT FORMULA TABLE				
Up to 30% CMI	>30% to 50% CMI	>50% to 60% CMI	>60% to 80% CMI	>80% to 100% CMI
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 target income level the project (or units) falls under (30% CMI, 50% CMI, 60% CMI, 80% CMI, or 100% 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 (for mixed income projects the calculation must be ran for the number of units under each income target.

If applicable

Step 8: Add the points together (from step 7) and round to the nearest whole number to get score.

Example:

1. Project (Units) is in the 50% CMI category
2. Project will have 50 units of which 25 are for households making at or around \$22,000/yr
3. The above two facts results in the project (units) being given 12 rating points.

Calculation: $12 \text{ (rating points)} * (25 \text{ (\# of units targeted)}) \text{ over } 50 \text{ (total units)}$
 $12 * 25/50 = \text{or } 6 \text{ points.}$ (This assumes that the remaining 25 units are targeted for households greater than 100%)

If remaining units fall under 100% CMI run the calculation at the appropriate income level and number of units

Example:

1. Remaining Units are in the 60% CMI category
2. Project will have 50 units of which 25 are for households making at or around \$38,000/yr
3. The above two facts results in the project (units) being given 9 rating points.

Calculation: $9 \text{ (rating points)} * (25 \text{ (\# of units targeted)}) \text{ over } 50 \text{ (total units)}$
 $9 * 25/50 = \text{or } 5 \text{ points.}$

Total points for this project is $6+5= 11 \text{ points}$

Applicant	Project Name/Location	# of Units			Amount Requested	Proposed Amount Leveraged	Estimated Total Project Cost	Population Served	Project Description	SCORING																				
		Rehab	New	Owner-Occ						Leveraged Funds	Income Targeting	Affordability Period	Employment & Contracting	Neighborhood Diversity	Green Building	Community Institutions	Community Immigration	Experience	Accessibility Improvements	Service Partners	Construction Financing	Community Needs	TOTAL							
CATEGORY: HOMEOWNERSHIP																														
Affordable Housing Centers of America	Homebuyer Counseling Various				\$100,000	\$124,200	\$224,200	Low-Income Homebuyers	Homebuyer counseling services for low-income clients	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dominican Center for Women	Owner-Occupied Rehabilitation Scattered Site			11	\$125,000	\$203,894	\$328,894	Very Low-Income homeowners	Rehabilitation of owner occupied homes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Layton Blvd West Neighbors	Turnkey Renovations Program Youth Build Project	3			\$30,000	\$250,393	\$280,393	Low-Income Homebuyers	Rehabilitation and sale of foreclosed homes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Milwaukee Christian Center	Undetermined Emergency Repair Loan Program		1		\$40,000	\$675,537	\$715,537	Low-Income Homebuyers	Homebuilding by at-risk youth	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Neighborhood Improvement Development Corp.	Emergency Repair Loan Program Scattered Sites			20	\$173,464	\$8,558,840	\$8,732,304	Low-Income Homeowners	Homeowners for emergency repairs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Northeast Neighborhood House, Inc.	Youthbuild - A Fresh Start			2	\$105,000	\$758,000	\$863,000	Low-Income Homebuyers	Homebuilding by at-risk youth	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rebuilding Together Greater Milwaukee	Bronzeville 2772, 2476 N. 5th St. Owner-Occupied Rehabilitation Scattered Sites			Not Clear	\$100,000	\$305,500	\$405,500	Elderly and disabled	modifications and emergency repairs of	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total:		3	3	31	\$673,464	\$10,876,364	\$11,549,828																							
Amount Available					\$173,464																									
Amount Requested					\$673,464																									
Balance					(\$500,000)																									

Other Needs Identified	
Amount Available	\$104,077

TOTAL ALL CATEGORIES		TOTAL ALL UNITS		
Amount Available	\$693,855	45	146	31
Amount Requested	\$1,974,778			
Balance	(\$1,280,923)			

Total Leveraged: \$46,761,902

Footnotes: (a) Formal appraisal was not provided, written estimate of value provided by developer.
 (b)
 (c)
 (d)



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin 53202

Meeting Minutes HOUSING TRUST FUND ADVISORY BOARD TECHNICAL REVIEW SUBCOMMITTEE

*Craig Kammholz, Chair
Joanne Passaro, Brian Peters, Kori Schneider Peragine, and
Lanie Wasserman*

*Staff Assistant, Joanna Polanco
Phone: (414) 286-2366, jpolan@milwaukee.gov*

Friday, December 10, 2010

9:00 AM

Port of Milwaukee, Conference Room
2323 S. Lincoln Memorial Dr.

Meeting convened at 9:20 A.M.

1. Roll call

Present 4 - Kammholz, Peters, Schneider Peragine and Wasserman
Excused 1 - Passaro

Also present:

**Mario Higgins, Community Block Grant Administration
Nikki Purvis, Emerging Business Enterprises Section**

Interpreters for Mr. Peters:

**Kate Block
Maria Kielma**

2. Review and approval of the minutes of the December 3rd, 2010 meeting

*Ms. Schneider - Peragine moved to approved minutes, seconded by Mr. Kammholz.
There were no objections.*

3. Discussion on the housing trust fund applications and the crafting of recommendations

Mr. Kammholz said that he did have discussion with the Department of City Development (DCD), regarding potential use of Neighborhood Stabilization Program (NSP) dollars for some of the applicants. There were two projects, the Gorman & Company and the Riverworks Development Corporation that, that could potentially receive NSP 2 funding. Mr. Higgins informed the committee that the Riverworks project is not NSP eligible, because it's located just outside the NSP 2 target area.

Using the Scoring sheet (Exhibit 1) and HTF Technical Scores Members sheet

(Exhibit 2); board members discussed their scores for each applicant in the different categories; Homelessness, Rental and Homeownership.

Each member provided their highest ranked projects in each funding category.

In the HOMELESSNESS category, the HTF Technical Committee would like to consider the Community Advocates project, but wanted to go through the Rental category first before making a commitment.

In the RENTAL category, the committee agreed that the two highest ranked projects were Gorman & Company and Riverwest Development Corp. and should be considered for funding.

In the HOMEOWNERSHIP category, the committee agreed that the three highest ranked projects were Northcott Neighborhood House, Dominican Center for Women and Layton Boulevard West Neighbor and they should be considered for funding.

The committee decided there were some follow up questions that needed to be answered before final funding recommendations could be made.

The committee needed the following issues addressed:

- 1) Community Advocates project to provide a complete financial plan to explain, what seemed to be a significant financial gap.*
- 2) Riverworks Development Corp. to provide a complete financial plan to explain their financial gap. Additionally, the committee wanted any available information on the environmental assessment of the project site.*
- 3) Confirmation of which projects are eligible for NSP assistance, and which are likely to be funded.*

Mr. Kammholz suggested another meeting for January 4, 2011 at 9:00 a.m. because members still have questions on some of the projects and the applicants. The next meeting will be the final opportunity for the committee to formulate informed recommendations to the full housing trust fund.

Mr. Kammholz asked Mr. Higgins to follow up on the committee's questions.

**Meeting adjourned at 11:45 A.M.
Joanna Polanco
Staff Assistant**



CITY OF MILWAUKEE HOUSING TRUST FUND
Scoring Point System

	<i>Max 115 Pt Scale(a)</i>	
	Point Range	Max Points
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HTF dollars are less than 3% of total project cost	15	
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Income Targets - Please Use Attached Chart		15
# of units with residents up to 30% of income target		
# of units with residents between 30% and 50% of income target		
# of units with residents between 50% and 60% of income target		
# of units with residents between 60% and 80% of income target		
# of units with residents between 80% and 100% of income target		
Affordability Period	5	10
Meets HTF Affordability Period	1	
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	
Employment and Contracting for City of Milwaukee residents and businesses		15
Creation of training program to provide better employment opportunities		
Use of existing training programs that provide employment opportunities		
Use of Residential Preference Program or Section 3 requirements		
Did agency describe an effective method of recruitment for local residents?		
Use of Certified M/W/D/E/Section 3 Businesses greater than 18% participation		
Did agency describe an effective method of recruitment for local businesses?		
All workers paid a Family Supporting Wage at a minimum of \$8.80 per hour?		
Neighborhood Diversity		5
Project Increases diversity of housing types in the neighborhood		
Green Building Principles		5
Project Utilizes Green building Principles		
Coordination with Community Institutions		5
Project is Coordinated with Community Institutions		
Community Integration		5
Move persons from institutions to community		
Experience		10
Agency experience with same type/similar project	2	
Staff experience with same type/similar project	4	
Management Agency Experience	4	
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 \$		
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		115

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

- (a) 115 point maximum applies to projects requiring on-site services such as Shelter + Care. Maximum points available for all other projects is 110.
- (b) Only applies to projects requiring on-site services such as Shelter + Care



Applicant	Project Name/Location	Risks	# of Units	Over-Occ	Amount Requested	Proposed Amount Leveraged	Estimated Total Project Cost	Request as Percent of Project	Developer Fee	Developer Fee as Percent of Project	Population Served	Project Description	SCORING												TOTAL		
													Leveraged Funds	Income Targeting	Affordability Period	Employment & Training	Neighborhood Diversity	Green Building	Community Facilities	Community Improvements	Accessibility	Service Partners	Construction	Community Needs			
CATEGORY: HOMELESSNESS																											
Community Advocates, Inc.	Autumn West 3410 W. Linton Avenue		21		\$173,464	\$1,973,631	\$2,147,095	8.1%	-	0.0%	0	transitional living center for homeless persons	9	15	1	0	0	0	0	0	0	0	0	0	0	25.0	
	Total:		0	21	\$173,464	\$1,973,631	\$2,147,095	8.1%	\$0	0.0%	0																
Amount Available	\$173,464																										
Amount Requested	\$173,464																										
Balance	\$0																										
CATEGORY: RENTAL																											
Center for Veterans Issues, Ltd. <i>Ineligible Activity/Use of Funds</i>	3206 Veteran Manor @ Wisconsin Ave. Northside Homeowners Initiative Scattered Sites		52		\$242,150	\$1,034,009	\$1,277,759	2.2%	-	0.0%	0	*Construction of Economic Development and Job Training Center	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0
Guarant & Company	King Commons IV 2701 N. MLK Dr. - Scattered Sites		40		\$225,000	\$8,484,225	\$8,709,225	2.4%	909,000	10.4%	0	single family homes for rent-to-own program	15	11	1	0	0	0	0	0	0	0	0	0	0	0	27.0
Martin Luther King EDC	3372 N. Hobson Street		6	30	\$200,000	\$8,758,840	\$8,958,840	2.2%	922,376	10.3%	0	Mixed use mixed-income housing development	15	9	1	0	0	0	0	0	0	0	0	0	0	0	25.0
Riverworks Development Corp.	3372 N. Hobson Street		36		\$460,000	\$5,033,933	\$5,093,933	7.5%	650,000	10.7%	0	Rehabilitation of former industrial site into 36 affordable rental units	9	11	1	0	0	0	0	0	0	0	0	0	0	0	21.0
Amount Available	\$242,150																										
Amount Requested	\$1,127,150																										
Balance	(\$885,000)																										
CATEGORY: HOMELESSNESS																											
Affordable Housing Centers of America	Homebuyer Counseling Various				\$100,000	\$124,200	\$224,200	44.6%	-	0.0%	0	Homebuyer counseling services for low-income clients	3	6	1	0	0	0	0	0	0	0	0	0	0	0	10.0
Domestic Center for Women	Owner-Occupied Rehabilitation Scattered Site			11	\$125,000	\$203,894	\$328,894	38.6%	-	0.0%	0	Rehabilitation of owner occupied homes	3	12	2	0	0	0	0	0	0	0	0	0	0	0	17.0
Layton Blvd West Neighbors	Turnkey Renovations Program Youth Build Project Undetermined			3	\$30,000	\$250,393	\$280,393	10.7%	-	0.0%	0	Rehabilitation and sale of foreclosed homes	9	3	1	0	0	0	0	0	0	0	0	0	0	0	13.0
Affordable Christian Center	Emergency Repair Loan Program - Scattered Sites			1	\$40,000	\$675,537	\$715,537	5.6%	-	0.0%	0	Homebuying by at-risk youth	9	6	1	0	0	0	0	0	0	0	0	0	0	0	16.0
Neighborhood Improvement Development Corp.	Emergency Repair Loan Program - Scattered Sites			20	\$173,464	\$26,250	\$199,714	86.9%	-	0.0%	0	Homebuying for emergency repairs	3	12	1	0	0	0	0	0	0	0	0	0	0	0	16.0
Northwest Neighborhood House, Inc.	Youthbuild - A Fresh Start Bronsville 2772, 2076 N. 5th St.			2	\$105,000	\$78,000	\$83,000	12.2%	-	0.0%	0	Homebuying by at-risk youth	6	6	1	0	0	0	0	0	0	0	0	0	0	0	13.0
Rebuilding Together Greater Cleveland	Owner-Occupied Rehabilitation Scattered Sites			31	\$100,000	\$834,531	\$934,531	10.7%	-	0.0%	0	Emergency repairs of emergency repairs of	6	12	1	0	0	0	0	0	0	0	0	0	0	0	19.0
Amount Available	\$173,464																										
Amount Requested	\$673,464																										
Balance	(\$500,000)																										
Other Needs A Identified																											
Amount Available	\$104,077																										
TOTAL ALL CATEGORIES																											
Amount Available	\$693,855																										
Amount Requested	\$1,974,776																										
Balance	(\$1,280,923)																										
Total Leveraged:	\$38,758,345																										

Footnotes: (a) Formal appraisal was not provided, written estimate of value provided by developer.
 (b) Ineligible Activity/Use of funds
 (c)
 (d)
 (e)

