

LEGISLATIVE REFERENCE BUREAU FISCAL ANALYSIS

ZONING, NEIGHBORHOODS AND DEVELOPMENT COMMITTEE

FEBRUARY 3, 2009

Item 2, File #081375

File Number 081375 is a resolution approving the awarding of \$920,750 from the Housing Trust Fund to 9 organizations for various affordable housing projects.

Background

1. On November 14, 2006, the Common Council adopted File Number 041537, the ordinance creating the City of Milwaukee's Housing Trust Fund.
2. The purpose of the Housing Trust Fund is "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" (s. 316-1, MCO).
3. The Community Development Grants Administration division of the Department of Administration ("CDGA") is responsible for administering the Housing Trust Fund, including soliciting and reviewing requests for funding. The 13-member Housing Trust Fund Advisory Board evaluates funding requests and makes recommendations to the Common Council after the requests have been reviewed by CDGA.
4. The financing and operational characteristics of the Housing Trust Fund, adopted by Common Council File Number 060071, provide that Housing Trust Fund dollars shall be awarded in 3 categories:
 - a. Housing and services for persons who are homeless (targeted to receive a minimum of 25% of available funds).
 - b. Development or rehabilitation of affordable rental housing (target: a minimum of 35%).
 - c. Creation or maintenance of home ownership activities (target: a minimum of 25%).
5. The 2007 Budget included \$2.5 million in general obligation borrowing authority to fund the Housing Trust Fund. The 2008 Budget provided an additional \$400,000 in tax levy funding for the Housing Trust Fund.
6. Common Council File 071307, adopted February 5, 2008, awarded \$1,407,000 from the Housing Trust Fund for 5 affordable housing projects. File 080645, adopted September 16, 2008, allocated an additional \$10,000 from the Housing Trust Fund to the Local Initiatives Support Corporation and the Public Policy Forum to fund a study titled "A Sustainable Approach to Creating and Administering Low-Income and Special Needs Housing in Milwaukee County." Following adoption of these resolutions, the balance in the Housing Trust Fund was \$1,483,000.

7. The adopted 2009 Budget provides an additional \$400,000 in capital funding for the Housing Trust Fund.

Discussion

1. In September, 2008, CDGA issued requests for proposals for projects to be supported by the second round of Housing Trust Fund awards. Proposals were sought for the funding categories of Housing for the Homeless (25% of available funds), Rental (35%), Home Ownership (25%) and Other Needs as Identified (15%). Twenty-six funding requests totaling nearly \$4.9 million were received by the November 3 deadline.
2. CDGA staff and the Housing Trust Fund Advisory Board's Technical Review Subcommittee both reviewed the funding applications. Applications were evaluated in terms of several scoring criteria, including the amount of funds being leveraged, the degree of income targeting, the period of affordability of the project, the use of City residents or EBE firms in construction and the applicant's experience in developing housing.
3. The Technical Review Subcommittee recommended 9 projects totaling \$920,750 for funding. These recommendations were approved by the full Housing Trust Fund Advisory Board at its January 30, 2009, meeting.
4. The projects recommended by the Housing Trust Fund Advisory Board for funding are:

Housing for the Homeless

United Community Center	\$75,000 to develop new AODA housing at 6 th and Scott Streets.
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Rental Housing

MLK Econ. Dev. Corp.	\$100,000 for 24 units of new rental housing at 2735 N. King Drive (King Drive Commons III).
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Bishop's Creek	\$250,000 for a 55 units of new rental housing at 4763 N. 32 nd Street.
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Home Ownership

Layton Blvd. West Neighbors	\$14,000 for the renovation of 2 foreclosed homes.
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Milw. Community Service Corps	\$33,750 for energy-efficiency improvements to 4 owner-occupied homes.
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Rebuilding Together Greater Milw.	\$75,000 for rehabilitation of 20 owner-occupied homes.
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Milw. Habitat for Humanity	\$100,000 for the rehabilitation of 10 homes.
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Milw. Christian Center	\$126,000 for rehabilitation of 5 owner-occupied units.
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<u>Dominican Center for Women</u>	<u>\$147,000 for rehabilitation of 12 units.</u>
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TOTAL	\$920,750
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5. As with the first round of funding awards, the recommended awards are for “bricks-and-mortar” projects, rather than “soft costs” relating to the provision of affordable housing. The Housing Trust Fund Advisory Board believes that rehabilitation or new construction of housing units will have a more visible, immediate impact on the affordable housing market than housing services such as homebuyer counseling.

Fiscal Impact

1. Approval of the this resolution will authorize the expenditure of \$920,750 from the Housing Trust Fund.
2. Following adoption of this resolution, the balance in the Housing Trust Fund will be \$962,250 (\$1,483,000 minus \$920,750 plus \$400,000 in the 2009 Budget).

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