

Attachment 1
Sustaining and Expanding Affordable Housing:
Housing Trust Fund
of
Southeastern Wisconsin



DECEMBER 13, 2011

PRESENTATION TO

THE
ENVIRONMENTAL JUSTICE
TASK FORCE



Context for Creating the HTF-SW: The Big Picture

2



- Southeastern Wisconsin is a dynamic and increasingly interconnected economic force.
- Targeted initiatives are underway to position the region nationally as a leader.
- For these efforts to succeed, the region must address fundamental infrastructure issues with a real commitment to cross jurisdictional cooperation and collaboration.
- Affordable housing is a key infrastructure issue.
- To create a regional environment that nurtures economic growth and vitality, civic leaders must ensure that all of Southeastern Wisconsin must have an array of housing options that can sustain a diverse and dynamic population.



Photos of Affordable Housing

3



City of Milwaukee Housing Trust Fund (Current)

4

- **Established:** 2007
- **Funding:**
 - Amount: \$3 million to date
 - Leverage: \$62 million
 - Source(s): General tax revenue
 - Housing units: 421
- **Administration:** City of Milwaukee Community Block Grant Office
- **Types of projects/programs funded:** Gap financing to developers of rental housing, owner-occupied housing, and housing and services for the homeless.



Milwaukee County Housing Trust Fund (Current)

5

- **Established:** February of 2007
- **Funding:**
 - Amount: \$2.9 million up to 2010
 - Source(s): Low interest loans from the State of Wisconsin Trust Funds Loan Program
 - Housing units: 266 supportive housing units
- **Administration:** Housing Division of Milwaukee County
- **Types of projects/programs funded:** At least 40% of the units developed must (in accordance with applicable fair housing laws) be primarily set aside for use by Milwaukee County Behavioral Health Division consumers living with serious and persistent mental illness (as determined by Behavioral Health Division), and who are under 30% of median income.



Basis for Creating a Housing Trust Fund of Southeastern Wisconsin

6

- A **comprehensive regional housing strategy** is needed.
 - Housing, when appropriately located, encourages expansion of existing businesses and establishment of new businesses and industries in the region.
 - Working town-by-town would not create the efficiencies needed to address the live-near-work challenges on a meaningful scale.
- Jurisdictions facing complaints of discrimination on the basis of race and ethnicity in the administration of their CDBG and HOME programs could **adapt the HTF-SW for their own needs**.
- “**Workforce housing**” needs exist outside of the City and County of Milwaukee.
- **Some sources of funding** are not now available for affordable housing now and **may under a cross-jurisdictional approach**.
- **Coordination of public policy** related to investment in Milwaukee
- County and/or southeastern Wisconsin’s housing stock is lacking.



Economic Benefits of Building Affordable Housing

7

- A 2009 *Public Policy Forum* report on the housing issues facing Greater Milwaukee noted that, “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.” *
- Affordable housing must be a primary consideration in overarching efforts to attract, maintain, and expand regional jobs.
- A 2011 publication (“*The Role of Affordable Housing in Creating Jobs and Stimulating Local Economic Development: Evidence in Brief*”) by the Center for Housing Policy makes a persuasive case for the specific economic benefits of developing affordable housing.
 - More than half of companies with over 100 employees acknowledge a **lack of affordable housing nearby**, and two-thirds believe the shortage **hurts their ability to hold onto qualified employees**.
 - Building 100 LIHTC units can lead to **creation of more than 120 jobs** during the construction phase and roughly **30 jobs after construction** in a variety of industries.
 - 100 LIHTC units occupied by families generate roughly \$827k in **local revenue immediately** (e.g., permit/impact fees and utility user fees).
 - Affordable rent and mortgage payments significantly **increase the disposable income** of households by \$500+ per month. Local businesses stand to gain from **increased buying power**.

*Ryan Horton, Deborah Curtis, and Laura Million. *Give Me Shelter: Responding to Milwaukee County's Housing Challenges* (Milwaukee, Wisconsin: Public Policy Forum, 2009), p. 6.



Recommendation for a Housing Trust Fund of Southeastern Wisconsin

8

- The Housing Trust Fund of the City of Milwaukee (HTFM) recommends establishing a **Housing Trust Fund of Southeastern Wisconsin (HTF-SW)**.
 - Municipalities can *pool resources*, prioritize investments for maximum benefit, achieve economies of scale, and create a ‘one-stop shop’ for developers, employers, and lenders.
 - This *doesn’t entail changing current municipal governance structures*, but rather *how participating governments relate to one another*.
- The HTF-SW will provide gap and other no or low-interest financing to support a variety of affordable housing developments.
- It will represent *one* important tool.
- Consolidate all three existing Housing Trust Funds into one.
- Expand the HTF-SW to include other counties, and possibly, the entire seven-county region, (Kenosha, Milwaukee, Ozaukee, Racine, Walworth, Washington and Waukesha Counties).
- Build on the success and progress already made by the City and County Housing Trust Funds



Recommendation (cont.)

9

- The 2009 Public Policy Forum report* on affordable housing challenges in Greater Milwaukee recommended consolidation of existing Housing Trust Funds:

*“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.**”*

*“Consolidation of the city and county 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...strategic goals.**”*

*“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 **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.**”*

*Horton, Curtis and Million. *Give Me Shelter: Responding to Milwaukee County's Housing Challenges.*



Primary Benefits of the HTF-SW

10

- An **increased pool of capital**
- A **resource** for civic leaders, private investors, and developers to share ideas, experience, and expertise.
- A structure for productive and cooperative **cross-jurisdictional dialogue**.
- Increased government efficiency by reducing duplication of efforts and services.
- A regional HTF-SW will be **better positioned to take advantage of federal and state investment opportunities**.
- **Employer engagement** is motivated by the fact that **they reach across municipal boundaries for employees** and customers.



Types of Projects to be Funded

11

- Financial assistance from the HTF-SW should be available for:
 - Rental housing
 - Owner-occupied housing
 - Projects that provide housing for homeless people (though not rent assistance)
- Additionally:
 - **Housing of owner-occupied** must be affordable **within 100% of county median income**.
 - Financial assistance for **rental housing** and **projects for homeless** must produce housing affordable **within 60% of county median income**.
 - A **certain percentage** of funds should be used for **different housing types**, e.g., at least 35% by used to develop or rehab rental housing.
 - Funds may be used for **accessibility** improvements or modifications in any category.
 - Projects must provide **permanent housing** where at least 40% of the units developed are (in accordance with applicable fair housing laws) set aside for use by Behavioral Health Division consumers with **serious and persistent mental illness**, and under 30% of median income.



Two Classes of Membership in the HTF-SW

12

- **Voting Membership:**
Jurisdictions willing to commit financial resources to the HTF-SW will have the ability to vote on the activities of the HTF-SW.
- **Advisory Membership:**
Jurisdictions not ready or willing to make a financial contribution to the fund can participate through advisory membership. Advisory members will have the opportunity to participate in discussions about the need and strategies for developing affordable housing throughout the region.
- **All members of the HTF-SW** will develop an understanding of what a regional housing strategy means by participating in discussions on real-world housing development projects.
- **All members of the HTF-SW** will help to resolve challenging issues such as how to provide “workforce housing” that meets the needs of Milwaukee and other communities, and how to use both affordable housing and affordable transportation to improve access to jobs.



Funding

13

Three sources of revenue are currently available *under state law* to local jurisdictions for investment in the HTF-SW:

- **Local Appropriations**
 - **Tax Incremental Financing**
 - **CDBG and HOME funds**
-
- The HTF-SW would also pursue legislative initiatives on the state and federal levels to provide additional, and possibly dedicated, funding sources to local communities.
 - The proposed structure should also be flexible to permit and encourage private sector investment in the HTF-SW.



Administration and Operations

14

- The HTF-SW would contract with the City of Milwaukee to provide administration until such time that the HTF-SW could hire its own staff to:
 - “Underwrite” funding
 - Monitor the performance of the project
 - Account for the assets of the HTF-SW
 - Raise capital
 - “Market” the HTF-SW



Steps to Create the HTF-SW

15

- Consideration of the proposal by the appropriate committees of the Common Council and the County Board
- Secure agreement in principle to the proposal.
- Organization and incorporation of the new HTF-SW.
- Draft resolutions terminating the existing housing trust funds and transferring the capital (or agreements to provide capital) to the HTF-SW.
- Recruitment and appointment of the governing body of the HTF-SW.
- Securing staff or entering into contracts for services.
- Securing commitments of additional capital to expand the HTF-SW.



Comments/Questions

16

- **Discussion:**
 - The HTF-SW concept:
 - ✦ Comments on the information presented?
 - ✦ When and how would you be interested in joining such a Fund?
 - Participation/cooperation/coordination/collaboration/consolidation

- **Written comments* after today's meeting:**
 - Strong points in the proposal?
 - Deficiencies ?
 - Practical problems to address?

* Comments to Cathie Madden: cgmadden@aol.com

