

Minutes of the Second Meeting of the

REGIONAL HOUSING PLAN ADVISORY COMMITTEE

DATE: July 1, 2009
TIME: 1:30 p.m.
PLACE: Wauwatosa Public Library
Firefly Room
7635 W. North Avenue
Wauwatosa, Wisconsin

Members Present

Julie AndersonPlanning Director, Racine County Planning and Development
David Cappon Executive Director, Waukesha Housing Authority
Michael Cotter Director, Land Use and Resource Management, Walworth County
Damon DorseyOwner, The Dorsey Group, Milwaukee
Joe Heck.....Assistant Director, Racine Department of City Development
Rob Henken President, Public Policy Forum
Michael Hoeft City Planner, City of Waukesha
Jeff Labahn..... Director of City Development, City of Kenosha
J. Scott Mathie Vice President of Government Affairs, Metropolitan Builders Association
George E. MelcherDirector, Kenosha County Planning and Development
Michael Murphy..... Alderman, City of Milwaukee
Falamak NourzadPrincipal, Continuum Architects & Planners, Milwaukee
Linda Olson.....Director of Aging and Disability Resource Center, Washington County
Antonio M. PérezExecutive Director, City of Milwaukee Housing Authority
Brian Peters Housing Policy Advocate, IndependenceFirst; EJTF Member
Kim Plache..... Senior Community Relations Officer, Milwaukee Office of WHEDA
Mary Kay SchleiterAssociate Professor,
Department of Sociology, University of Wisconsin-Parkside
Kori Schneider-Peragine Senior Administrator, Community and Economic Development,
Metropolitan Milwaukee Fair Housing Council
Welford Sanders..... Executive Director, M. L. King Economic Development Corporation
Andrew T. Struck..... Director of Planning and Parks, Ozaukee County
John F. Weishan, Jr.Supervisor, Milwaukee County Board

Guests and Staff Present

Stephen P. Adams Public Involvement and Outreach Manager, SEWRPC
Nancy M. Anderson Chief Community Assistance Planner, SEWRPC
Geoffrey Cooper Director – Single Family Homeownership, WHEDA
Marcello Covelli Board Chair, Racine/Kenosha Community Action Agency, Inc.
John FingerProgram Center Coordinator, Milwaukee Office of HUD
Jesse R. GreenleeManager, Community Development, WHEDA
Gary K. Korb Regional Planning Educator, UW-Extension/SEWRPC
Benjamin R. McKayPrincipal Planner, SEWRPC
Lynnette McNeely Attorney, Law Offices of Thomas J. Awen; NAACP, EJTF Member
Cheryl D. Montgomery Planning Director, Racine/Kenosha Community Action Agency, Inc.
Anne MorrisonSenior Underwriter – Multi-Family Group, WHEDA
Delbert F. Reynolds Field Office Director, Milwaukee Office of HUD

Joe Thibediaeu Director of Multi-Family – Subsidized Housing,
Milwaukee Office of HUD
Dennis R. Wekel Racine/Kenosha Community Action Agency, Inc.
Kenneth R. Yunker Executive Director, SEWRPC

WELCOME AND INTRODUCTIONS

SEWRPC Executive Director Ken Yunker called the meeting of the Regional Housing Plan Advisory Committee to order at 1:35 p.m., welcoming those in attendance. Mr. Yunker stated that he is filling in for Committee Chairman William Drew, who could not attend today’s meeting. Mr. Yunker then asked other Committee members, staff, and guests to introduce themselves.

APPROVAL OF MEETING MINUTES OF MARCH 5, 2009

Mr. Yunker asked for a motion to approve the minutes from the March 5, 2009, meeting. Ms. Julie Anderson made a motion to approve the minutes from the March 5, 2009, meeting. Mr. Greenlee seconded the motion and it was approved unanimously.

PRESENTATION REGARDING EXISTING FEDERAL AND STATE HOUSING PROGRAMS

Mr. Yunker stated that Delbert Reynolds, Field Office Director of the Milwaukee Office of the U.S. Department of Housing and Urban Development (HUD), and Kim Plache, Senior Community Relations Officer of the Milwaukee office of the Wisconsin Housing and Economic Development Authority (WHEDA), will give presentations regarding existing Federal and State housing programs in the Southeastern Wisconsin Region and lessons learned from the administration of past and current housing programs. Mr. Yunker introduced Mr. Reynolds. Mr. Reynolds introduced HUD staff members John Finger and Joe Thibediaeu and stated that they would be presenting information regarding HUD public housing and multi-family housing programs, respectively, following his presentation.

Mr. Reynolds began with a presentation regarding the history of Federal housing programs. Mr. Reynolds stated that there have been many programs administered by HUD and its predecessors, beginning in 1937. The biggest change over time has been a move away from HUD construction of housing units, to reliance on private and non-profit builders to construct units, and then to voucher programs to allow consumer choice in housing.

Mr. Reynolds stated that there are about 4,300 public housing units in the City of Milwaukee and about 13,000 in Wisconsin. Originally, HUD would fund the cost to construct a project and completed projects would then be owned and operated by local housing authorities. Eventually, a number of private-owner rental programs were created, including the Section 202 elderly housing program. The move towards private-owner projects greatly expanded the number of HUD-assisted housing units. In the 1970’s the private-owner programs were restructured resulting in the Section 8 project-based program. Under Section 8, tenants pay 30 percent of their income towards rent and HUD pays the remainder, allowing for very low-income households to participate in the program.

Mr. Reynolds stated that in the early 1980s policy shifted towards the Section 8 voucher program where the subsidy is attached to the tenant as opposed to a specific building to encourage consumer choice and avoid large lump sum payments for the construction of housing. He stated that the shift from publicly-owned housing to project-based housing and eventually to the voucher system was due to the increasing cost of public housing and the tendency for project-based housing units to be concentrated in one area.

He also stated that HUD does not currently operate any homeownership programs; however, HOME Investment funds are made available to States and entitlement communities for a wide range of local housing activities, which can include loans and grants for down payment assistance. In addition, Community Development Block Grant (CDBG) funding is used by local governments for home counseling, home rehabilitation, and assistance with down payments. Mr. Reynolds stated that HUD also provides education about and enforcement against illegal housing discrimination.

Mr. Finger continued the presentation on HUD programs with a review of the current public housing program (see Attachment 1). He stated that there are currently about 13,000 housing units owned by local housing authorities or community development authorities throughout the State. In addition, local housing authorities have access to rehabilitation funds through the Hope VI program, which can be used to renovate severely deteriorated buildings. He also stated that there are about 28,000 Section 8 vouchers Statewide. The voucher program is currently experiencing increased pressure because the economic downturn has created a low turn-over rate within the program. This has created very long waiting lists for the program, and in some cases, the waiting lists are so long they have been closed. A new family self-sufficiency program to increase educational and employment opportunities for low-income families has been created in response to the increased pressure on the voucher system.

Mr. Thibediaeu concluded the presentation on HUD programs with a review of the number and types of subsidized housing units in the seven-county Southeastern Wisconsin Region, including Section 8 vouchers, project-based Section 8 units, and Project Rental Assistance Contract (PRAC) units (see Attachment 2). He stated that there are 14,267 Section 8 vouchers and project-based housing units in the Southeastern Wisconsin Region. These units can be for specific household types, including family, physically disabled, mentally ill, and elderly households, and some project based buildings may have a combination of household types within the same building. He also stated that there are 939 PRAC units in the Region that serve elderly households and households with persons with disabilities. Mr. Thibediaeu then stated that the income limit for housing assistance used to be 80 percent of the County median income, but the income limit has been reduced to 50 percent due to the increased number of very low-income households in need of assistance.

The following discussion points and comments were made regarding the presentations by Mr. Reynolds, Mr. Finger, and Mr. Thibediaeu:

1. Mr. Pérez stated that Federal subsidies have become insufficient to cover the costs of housing assistance programs. Mr. Reynolds stated that there have been increasing costs in even maintaining the current level of housing assistance and the funding has not increased in recent years. Alternative funding sources may be needed to develop new housing projects, such as housing trust funds. Mr. Cappon stated that for 30 years HUD has been in the mode of just trying to maintain the amount of housing assistance it can offer and there is increasing demand. He also stated that the Low Income Housing Tax Credit (LIHTC) program is now the largest program, but housing created by this program does not reach the very low income population as effectively as voucher programs.
2. Mr. Murphy asked how new households that need assistance are finding housing. Mr. Cappon responded that many households in Waukesha are sharing a housing unit. Mr. Reynolds stated that households are sharing housing units in Milwaukee as well. Mr. Cappon stated that program guidelines in Waukesha have been relaxed to account for the need for households to share housing units to meet the increased demand for assistance. Mr. Finger stated that the situation is similar Statewide.

3. Mr. Murphy stated that findings from a recent study done by the Public Policy Forum regarding affordable housing in Milwaukee County state that housing is available at affordable levels in Milwaukee County, but there are a large number of households with extremely low incomes. He also noted that 28 percent of households in the City of Milwaukee have an annual income of \$18,000 or less. This creates a gap between the cost of available housing and the ability of many households to pay for housing. Mr. Cappon stated that many of the subsidy programs, excluding voucher programs, do not provide enough assistance to extremely low income and very low income households. He stated that many households pay 40 percent or more of their income towards housing costs. Mr. Reynolds stated that funding will become available in Wisconsin under the American Recovery and Reinvestment Act (ARRA) for community programs and housing assistance is eligible for funding as a community program.
4. Mr. Melcher asked about the condition of publicly owned housing units. Mr. Reynolds responded that publicly owned units in Wisconsin are typically in good condition. Mr. Finger stated that the housing units are inspected every year and that Wisconsin has very high performing housing authorities based on HUD criteria. Mr. Pérez stated that deferred maintenance issues will become more commonplace if capital funding does not increase. Mr. Melcher asked about the age of publicly owned housing units. Mr. Reynolds responded that they tend to be about 35 to 40 years old; however, Section 8 project-based units are somewhat newer.
5. Mr. Covelli stated from the audience that the Racine/Kenosha Community Action Agency receives HUD funding every year to provide emergency shelter and that funding has been flat since the 1990s. Mr. Reynolds responded that the trend has generally been an increase for homeless assistance funding at the Federal level, but there may be more providers sharing the funding.
6. Ms. Schleiter asked if there is a strategy to increase Federal housing assistance funding. Mr. Reynolds responded that HUD programs are a function of the National budget and must go through the Congressional review process. He stated that HUD always proposes an increased budget, but the proposal is considered against other Federal budgetary priorities. Mr. Pérez stated that advocacy for other funding sources, such as housing trust funds, must continue to help close the gap between the level of Federal housing assistance and the demand.

Following the discussion regarding the presentation by HUD staff, Mr. Yunker introduced Ms. Plache, Senior Community Relations Officer for the Milwaukee office of WHEDA. Ms. Plache introduced WHEDA staff members Anne Morrison and Geoffrey Cooper and stated that they would be presenting information regarding the WHEDA multi-family housing development program (see Attachment 3) and single family homeownership program, respectively. Ms. Plache then stated that she would give a brief presentation regarding the WHEDA Home from Work Campaign (see Attachment 4).

Ms. Morrison began with a presentation regarding the WHEDA multi-family housing program. She stated that the WHEDA Multi-Family Group participates in direct lending for the construction, rehabilitation, and adaptive re-use of multi-family housing projects and administers the Low Income Housing Tax Credit (LIHTC) program, in which tax credits are sold to generate equity for multi-family housing developments. All WHEDA projects have minimum set-asides for affordable units, but typically all units in WHEDA projects are affordable. WHEDA policy objectives include: create affordable housing, preserve affordable housing, and encourage strong projects. WHEDA has several multi-family loan products including tax exempt bond financing, tax credit development financing, construction-plus loans, preservation-plus loans, and a preservation revolving loan fund. The largest producer of affordable

housing projects has been the LIHTC program. WHEDA is the State allocating agency for the 9 percent competitive credits, which are designed to fund 70 percent of development costs and are allocated annually through the Qualified Allocation Plan (QAP), and the 4 percent “as of right” credits, which are designed to fund 30 percent of development costs. While the LIHTC program has been the largest producer of multi-family housing projects with an affordability component, the program has faced recent challenges because inventors are not seeking to purchase tax credits due to the recent economic downturn.

Ms. Morrison stated that there are some new resources available through the ARRA, including the Tax Credit Assistance Program (TCAP) and the 1602 Exchange Program. Ms. Morrison stated that a one-time \$35 million TCAP loan has been allocated to Wisconsin from HUD to shore up the tax credit program. The TCAP loan will come due in 15 years, but may not have to be repaid. In addition, the 1602 Exchange Program will enable 40 percent of the 2009 tax credit allocation and 100 percent of the 2010 allocation to be exchanged for \$114 million in equity from the Federal government.

Mr. Cooper continued the presentation with a review of the WHEDA single-family homeownership program. Mr. Cooper stated that WHEDA ended its single-family home lending program in October 2008. Mr. Cooper stated that the current housing crisis will have several impacts, especially to bolstering new home ownership. He stated that the causalities of the crisis will be borrowers with a low credit score but a good history of paying bills, the secondary mortgage market, and home improvement lending. He stated that funding for low interest loans and down payment assistance for low-income households will not be available because it will be shifted to foreclosure avoidance. The Community Reinvestment Act did not play a part in causing the current housing crisis because it encouraged lending to households located in target areas, not households that are considered a financial risk. He also noted that the new Neighborhood Stabilization Program will begin soon, which will focus on the purchase of foreclosed homes by owner-occupant households that do not own other residential property.

Ms. Plache continued the presentation with an overview of the WHEDA Home from Work Campaign. She stated that WHEDA brings training services to a community so local lenders, home buying counselors, real estate professionals, and businesses can design individual employer assisted housing (EAH) programs. EAH programs typically provide cash for down payments and closing costs to employees of a business to increase employee retention through homeownership.

The following discussion points and comments were made regarding the presentations by Ms. Morrison, Mr. Cooper, and Ms. Plache:

1. Mr. Murphy asked if all of the money that is generated by the sale of tax credits through the LIHTC program goes to developers. Ms. Morrison responded that all of the money goes to the developers and that if there is no market for the sale of the tax credits, no money goes to the developers. Mr. Pérez asked if WHEDA could purchase the tax credits. Ms. Morrison responded that WHEDA does not have the capital to purchase tax credits.
2. Mr. Cappon asked how the financing gap can be filled if there is a poor market for tax credits. Ms. Morrison responded that the TCAP and 1602 Exchange Program are intended for this purpose.
3. Mr. Cappon stated that the Qualified Allocation Plan criteria for distributing tax credits makes it harder to reach the capitalization point for projects in suburban areas of the State because the cost of land is not included in the criteria. Mr. Cappon also stated that urban areas of the State have an advantage because cities may be willing to donate land to increase the likelihood of

redevelopment, but land in suburban areas is typically more expensive and must be purchased. Ms. Morrison stated that the QAP includes set-asides for urban and rural areas, but not for suburbs. Mr. Cappon stated that the land cost issue discourages some developers from applying for tax credits for projects in suburban areas. He also stated that the local government review process is lengthy in some suburban communities, which also hinders participation in the LIHTC program. Mr. Murphy stated that a housing trust fund was created in the City of Milwaukee to address the financing gap issue.

4. Mr. Pérez asked how the WHEDA single family homeownership program is performing regarding foreclosures. Mr. Cooper responded that there have been few foreclosures.
5. Mr. Murphy stated that he would like to see owner-occupied home purchases as the result of the Neighborhood Stabilization Program to help stabilize neighborhoods with a high percentage of non-owner occupied homes.
6. Mr. Pérez asked how financial assistance is provided in the Home from Work Campaign. Ms. Plache responded that the employers who participate in the program typically provide their employees with down payment assistance, often with a loan that may be forgiven if the employee stays with the company for a specified period of time. Mr. Pérez asked how WHEDA reaches out to businesses to make them aware of the program. Ms. Plache responded that each region in the State has a WHEDA community relations officer and those officers typically work to form a partnership between realtors, lending partners and non-profit groups, and businesses to help businesses form EAH programs. WHEDA also works with economic development corporations to reach out to local businesses.
7. Mr. Murphy asked if there is information regarding the additional number of foreclosures projected for the next couple of years taking into consideration the upcoming adjustable rate mortgage cycle and how this may impact homelessness. Mr. Reynolds responded that he is not aware of a data source for this information; however, he noted that the rental unit foreclosure situation may increase homelessness.

DISCUSSION OF REMAINING 2009 MEETING DATES

Mr. Yunker thanked HUD and WHEDA staff for their informative presentations and Advisory Committee members and audience members for their questions. He stated that agenda items four and five will be moved to the next meeting, which is scheduled for September 23, 2009, in an effort to keep the meeting within its scheduled time. The anticipated agenda items for that meeting are a review of the regional housing plan public informational meetings, the revised scope of work, and Chapters I, "*Introduction,*" and II, "*Objectives, Principles, and Standards,*" of the regional housing plan. Ms. Schneider-Peragine asked when the definition of the housing problem in the Region and the definition of affordable housing will be discussed. Mr. McKay responded that both of these items will be addressed in Chapter II.

ADJOURNMENT

Mr. Yunker thanked the committee members and guests for their time and participation and declared the meeting adjourned at 3:50 p.m.

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[Note: Attachments 1, 2, 3, and 4 are available on the SEWRPC website at www.sewrpc.org/housingplan, or by contacting Ben McKay of the Commission staff at (262) 547-6721 or bmckay@sewrpc.org]

Respectfully submitted,

Benjamin R. McKay
Recording Secretary

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KRY/NMA/BRM