

# **Milwaukee Housing Trust Fund Campaign for Dedicated Funding in 2009 City Budget Background and Talking Points**

## **Housing Insecurity Increased Dramatically since 2000**

- Of major Midwest cities only Detroit has witnessed a more severe decline in housing affordability than Milwaukee
- Since 2000, we have seen a 48% increase in the number of renters spending more than 50% of income on housing.
- 50% of Milwaukee renters are unable to afford a 2 bedroom home
- The richest households in Wisconsin saw their income raise by nearly 36% while the income of the poorest in our state was virtually stagnant
- The number of renters on public assistance & who live in housing that is affordable plummeted from 38% in 2000 to only 20% in 2006—a 47% decrease
- There are 33,900 Milwaukee County households receiving SSI with an average income of \$648/month
- Fair Market Rent for a zero bedroom apartment is \$510/month
- The City of Milwaukee manages 9,500 Public Housing & Section 8 Voucher units—but has 4,250 people on a waiting list
- The Housing Authority waiting lists usually remain closed for 24 months
- Sheriff sale foreclosures have increased by 326%- growing from 658 in 2004 to an estimated 2,800 in 2007.

## **HTF Successful Beyond All Expectations**

- \$1.4 Million of Milwaukee Housing Trust Fund allocations will result in...
- \$26.7 Million of Leveraged Funds
- 142 Units of New Affordable Housing
- 159 NEW JOBS during construction
- 67 NEW JOBS each year after
- \$895,000 in new Tax/Fee Revenue
- \$7.4 Million in New Dollars in the Local Economy

*(Jobs, Tax/Fee Revenue and Economic Impact data is extrapolated from the National Association of Home Builders—Local Impact of Home Building—Any City USA—September 2004)*

## **Simply put, the Housing Trust Fund will create**

- New Jobs,
- New Housing and
- New Economic Vitality in Milwaukee Neighborhoods

**Background:**

When the Common Council codified the HTF legislation, it approved revenue of over \$1 Million per year for the Housing Trust Fund. The Mayor reduced the \$1 Million allotted to \$400,000 in the 2008 city budget. \$400,000 is woefully inadequate given the proven economic impact results from the initial round of allocations from the Milwaukee Housing Trust Fund.

There is no funding guaranteed for the Housing Trust Fund in the Mayor's 2009 budget. Without more affordable housing, Milwaukee will continue to slide down the path of Detroit in housing affordability (see above stat).

The first round of funding of the Milwaukee Housing Trust Fund (announced by the Mayor on Tuesday 2/12/08) has exceeded every expectation. The first 5 projects funded will produce 142 units of new affordable housing, \$27 Million in new leveraged funds and hundreds of new jobs in the local economy.

Adequately funding the Milwaukee Housing Trust Fund by providing at least \$1 Million in the 2009 city budget will not only create new affordable housing, but it will also provide new jobs & much needed new money in the local economy.

**Another perspective of why the Housing Trust Fund is so important to the development of affordable housing in Milwaukee:**

Housing Trust Fund Friends,

For those of you that don't know me, I am a consultant and attorney that works with Affordable Housing Tax Credit Developers. I am proud to say that two of the projects we are working on received Housing Trust Fund assistance last round. In fact, together with our clients we have 78 affordable homes currently under construction with another 72 expected to be under construction in the upcoming year. Thank you Housing Trust Fund!

I just wanted to drop everyone a note to let you know what has happened in the Tax Credit Equity market and how critical the Housing Trust Fund is. Typically on a \$6,000,000 project (approximately 24 units of housing), the developer can receive about \$4,500,000 of tax credit equity to use towards construction. The calculation is complex, but basically in the past few years, equity investors have been paying about \$.95 on the \$1.00 for tax credits. Due to the general issues in the lending and real estate market, that price has dropped to \$.82 or lower. For those keeping track, that's a 15% or greater reduction. So if you take that \$4,500,000 of yesteryear, we will be getting 15% or \$675,000 less in equity and will need other sources to fill the gap.

WHEDA, Section 8 and other existing subsidies will continue to be utilized, but now more than ever the HTF is needed. Without it, the projects that you have seen recently, will not be able to continue.

Thank you for your continued hard work in providing quality homes to our neighbors.

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