



Community Development Authority Meeting Minutes Wednesday, August 24, 2022 at 9:00 a.m.

Present: Jessica Carpenter, Mike Dawson, Jon Krouse (Chair), Joe LeSage, Tr. Kathy Stokebrand and Wesley Warren

Excused: Tr. Arthur Ircink

Also present: Teig Whaley Smith, Kori Schneider Peragine (virtual), Village Manager Rebecca Ewald; and Planning & Development Director Bart Griepentrog

1. Call to order.

The meeting was called to order at 9:08 am.

2. Consider June 3, 2022 meeting minutes.

Ms. Carpenter moved to approve the minutes, as drafted; seconded by Mr. Warren. Tr. Stokebrand indicated that she would send non-substantive edits to staff for incorporation. Vote 6-0.

3. Presentation by Community Development Alliance Executive Director Teig Whaley-Smith: Consider goals and strategies for rental offence approach for affordable housing.

Mr. Whaley Smith started his presentation by noting that stable housing can improve dropout rates, reduce crime, increase employment, and improve health. He said these factors were important in understanding why quality, stable housing is critical. He noted that many people think that stable employment leads to these positive outcomes, but Mr. Whaley Smith pointed out that housing is the first step.

Mr. Whaley Smith noted that communities and organizations that have made the most positive impact share a common agenda. He stated that his organization is utilizing Milwaukee's Collective Affordable Housing Strategic Plan. He detailed the numerous partners that have committed to the goal of "advancing racial equity by providing a quality affordable home for every Milwaukeean," including Milwaukee County, City of Milwaukee, numerous foundations and non-profits and neighborhood liaisons.

Mr. Whaley Smith stated that increasing homeownership within Milwaukee's Black and Latino populations was an objective. He stated that 32,000 new homeowners in those demographics need to be created to achieve equity. He noted this number was significant and that the problem had developed over decades and would take a long time to address. He also stated that predatory acquisition is negatively impacting this figure.

Mr. Whaley Smith noted that on the rental side of the picture the numbers of affordable units needed was the same. He detailed that affordable housing relates to when a home is available for 30% of a family's income. He noted that if costs exceed that, money for other aspects of routine expenses like transportation costs, food or medical care is reduced. He exemplified that a daycare worker, healthcare aide or warehouse worker making \$12 an hour could afford rental housing at \$650 per month or a \$45,000 home. He noted that there are a substantial number of people in this wage range. Teachers, firefighters and postal carriers making \$24 an hour could afford rental housing at \$1,250 per month or a

\$100,000 home. An architect or professor making \$40 an hour could afford rental housing at \$2,500 per month or a \$240,000 home. He said it was important to understand and talk specifics when related to housing. He cautioned using the term “workforce” housing because it was vague and could actually relate to all sectors of the workforce, including CEOs.

Mr. LeSage noted that homeownership opportunities at any of the levels detailed by Mr. Whaley Smith were unlikely in Shorewood and reiterated his suggestion that rental assistance made the most sense. Mr. Whaley Smith noted that a lack of homeownership opportunities increases rental demand and pricing.

Mr. Whaley Smith pointed out that demographics related to income have huge impact in relation to Black and Latino families. He noted that the big number that needs to be solved for relates to households making between \$12-\$24 an hour of which there are 26,000 Black and Latino households in Milwaukee. Solving for the other demographics would have less of an impact on those populations. He shared a graphic that showed the number of units available in Milwaukee County per the level of monthly rent that households can afford. It showed a clear deficiency in units under \$650 per month. He also noted that due to a lack of homeownership opportunities households on the other end of the spectrum are being forced into the rental market, which explains current demand for building rental units above \$2,000 per month. He presented a similar graphic specific to Shorewood that showed the same deficiencies and expanded those statistics to show that persons of color in Shorewood are most likely to be impacted on the lower rent end of the spectrum. He noted that providing supplemental rent assistance to “buy down” the rental cost of existing units was a strategy option.

Mr. Whaley Smith discussed Low Income Housing Tax Credits (LIHTC) as an available tool to fund the development of affordable housing but pointed out that it is most often used to build projects that serve demand in the middle of the range. He suggested that collective action could be used to change the funding formulas to meet demands at the lower range of incomes. Mr. Whaley Smith noted that suburbs like Shorewood score well for awarding credits, but that Shorewood lacks available land for such projects. He suggested that TIF extension funds could be utilized to purchase land for a developer to build a project. He stated that credits are awarded annually, and projects typically take three years to develop. He noted that the tax credits may also be used to fund renovation of existing structures, but not for rental assistance.

Mr. Whaley Smith noted that Shorewood’s gap of units less than \$650 represented approximately 432 units. He stated that in order to build itself out of the problem, the Village would need to expand its housing supply by 8%.

Chair Krouse noted that the cost of new construction is too expensive for the creation of affordable housing units and pointed to modern building code regulations. Mr. Whaley Smith noted that design requirements, density limits and off-street parking also impact the cost of new development.

Mr. Whaley Smith offered three strategy questions. What is your goal for available units, by cost and type (1, 2 or 3 bedrooms)? Where will these units be located (new or existing units)? Which criteria will you use to select your tactics (racial equity, cost effectiveness, leveraging, impacts on density, opportunity, risk)? He suggested that the CDA create a decision matrix to help it come to a consensus. He noted that strategies for developing new units could be integrating units into new construction, acquiring land for new construction or building a new development (public housing). He suggested that strategies for utilizing existing units could include vouchers for individual tenants to find their own units, contracting for affordable units within existing housing (project-based) or acquiring units. He provided a proposed decision matrix of these options for illustrative purposes. He also illustrated that a decision matrix could be further developed for whichever strategy is chosen.

4. Provide direction on the next step for rental offense strategy.

Members of the CDA expressed appreciation of the concept of evaluating strategies through a decision matrix.

Kori Schneider Peragine offered additional perspective on individual vouchers. She noted that this strategy can be used for achieving integration and alleviating racial disparities. She stated that individual vouchers were designed as an alternative to public housing to offer increased access to neighborhoods, whereas public housing was concentrated within a building. She noted that has not been fully realized and that vouchers remain concentrated in certain areas. She noted that the full amount of vouchers available to the City of Milwaukee, which can be utilized throughout the county, are not being granted because they cannot find enough landlords to accept them. She stated that 90% of voucher recipients are families of color. She noted that Shorewood's TIF extension funds could be utilized to incentivize landlords in Shorewood to accept these available vouchers. She noted that the existing \$1,400 payment standard for 3-bedroom units in the 53211 ZIP code is being reevaluated and may be increased to \$1,872 to more closely align with existing rental market rates, which would make utilization of the voucher more reasonable in Shorewood. She also stated that the Housing Authority of the City of Milwaukee would retain administration of the voucher, including certification and income verification.

Chair Krouse questioned why landlords would be hesitant to accept voucher recipients. Ms. Schneider Peragine noted that accepting vouchers required an inspection, which she did not believe was onerous. She stated that sometimes there is a delay in receiving the first payment and suggested that a program could be designed to bridge that gap or incentivize security deposits. She also noted that some landlords were misinformed about who receives vouchers and how they would treat their property. She said that statistically these concerns were proven to not be true and pointed out that households that damage units would lose their voucher, so they had a lot to lose. She noted that some communities create "risk mitigation funds" to cover these occurrences in the rare event they happen. She said some landlords are generally hesitant to enter into agreements with the government. Lastly, she noted that the rent standards are often not high enough in certain markets, which she stated was a legitimate issue.

Mr. LeSage suggested that finding additional landlords to accept these vouchers in Shorewood was possible. He stated that the TIF extension funds could be utilized to pay the difference of the payment standard, and the market rate rent of the unit. Ms. Carpenter noted that she's heard from smaller landlords that taxes were an issue and rents needed to be defined at certain levels to keep their properties financially functional. She questioned if voucher recipients could sign longer-term leases as an incentive to rent to them. Ms. Schneider Peragine noted that the housing authority only does one-year leases. Chair Krouse stated that leases with longer terms fall under a commercial lease code.

Tr. Stokebrand noted that working with existing units seemed desirable because it would not increase density and the issues, such as traffic and parking, that are associated. Chair Krouse stated that assumed that there actually were traffic or parking issues. Mr. LeSage believed that for every one complaint there were 100 people who did not care. Tr. Stokebrand noted that as an elected official she had to think about them. She noted the limitations of believing that everyone would bike or could take transit to where they needed to go.

Mr. Whaley Smith noted that strategies were not mutually exclusive and more than one could be worked on at a time. Regarding the suggested strategy of "topping off" rent payment on vouchers to landlords, he noted it would be worth confirming what it would take for both recipients and landlords to make the program work. He also noted that acquiring property either through the funds or through a partner could help control rental costs.

Mr. Warren noted he was a bit hesitant to take on property acquisition based on our size and suggested starting with vouchers made sense. Ms. Dawson agreed and referenced our great resource of existing rental units. She suggested the need to reach out to existing landlords to talk about the advantages of partnering with us. Village Manager Ewald questioned how the Village could make sure that landlords would not increase their rents to get more money from the program and whether the guest speakers were aware of an existing “top off” program elsewhere. Mr. Whaley Smith said that programs certainly did exist and noted that landlord accountability is typically handled through audit. He also suggested that a bigger concern would be whether landlords would participate if they can already get market rent without the program.

(Mr. Warren left the meeting but rejoined by phone.)

Mr. LeSage questioned if the Village should also require all new developments to include affordable housing units as a parallel strategy. It was noted that inclusionary zoning was prohibited in Wisconsin, but that the Village could require the inclusion of affordable units if it controlled the land or provided other financial assistance, such as TIF.

Chair Krouse suggested that there was a desire to do something sooner rather than later and noted that money has already been set aside. He asked if anyone was ready to make a motion to recommend next steps to the Village Board. Mr. LeSage questioned what Mr. Whaley Smith would recommend. Mr. Whaley Smith utilized the analogy of when corporations are doing well they buy back their stock and suggested that if the community was willing to grow/develop that the Village should seriously consider purchasing land for the purpose of developing affordable housing. Village Manager Ewald added that other organizations, such as WHEDA, and developers have suggested the same. Mr. Whaley Smith also suggested that exploring how to expand the use of vouchers in Shorewood was also something that needed to be pursued.

Ms. Dawson noted it would be good to continue pursuing affordable options with the two developments that are expected to be constructed soon. Chair Krouse agreed and stated that efforts should be aimed both at existing and currently planned housing units. Tr. Stokebrand stated that the efforts should focus on integration rather than a development made up solely of affordable units. Ms. Carpenter agreed.

Ms. Carpenter moved to explore the creation of a voucher program creating affordable units within existing and currently planned rental units; seconded by Ms. Dawson. Village Manager Ewald noted that Village staff does ask all developers to consider the inclusion of affordable units, and that Three Leaf Partners have expressed interest, but Wimmer Communities has not. Chair Krouse suggested that if these two developments go well that additional development requests will be brought to the village. Mr. LeSage suggested exploring the issuance of a request for proposals from developers to let them know that we are interested in attaining affordable housing. Chair Krouse agreed and stated it would be good to get the Village Board to adopt an official strategy to build that from.

(Ms. Carpenter left the meeting.)

Tr. Stokebrand questioned why developers are not currently approaching the Village with these types of projects. Director Griepentrog suggested it was difficult to imagine a developer approaching us until we knew what our chosen strategy was. He noted that developers have approached the Village asking if there was land available for a LIHTC application, but without acquiring additional land that the only real options at the moment would be Village-owned parking lots. Tr. Stokebrand noted the vacant lot at the corner of N. Oakland Ave. and E. Marion St. Mr. LeSage also suggested that combining the lots of the former PNC Bank and Einstein Bagels and vacating the portion of roadway in between could be feasible. Chair Krouse stated that if the Village could identify a cohesive strategy developers would respond, but he did not believe we had that yet.

As Ms. Carpenter was no longer in the meeting, it was requested that someone else consider providing

a motion. Tr. Stokebrand moved to recommend the Village Board consider creating affordable units within existing and currently proposed rental units through exploration of the creation of a voucher program; seconded by Ms. Dawson. Vote 5-0.

Village Manager Ewald noted that the recommendation would be presented to the Village Board at their September 6th meeting.

5. Adjournment.

Mr. LeSage motioned to adjourn the meeting at 10:48 am; seconded by Tr. Stokebrand. Vote 5-0.

Respectfully submitted,

A handwritten signature in blue ink that reads "Bart Griepentrog". The signature is written in a cursive style.

Bart Griepentrog, AICP
Planning & Development Director