

## MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: June 26, 2017

Original Fiscal Note

Substitute Fiscal Note

**SUBJECT:** A resolution/ordinance establishing the Housing Opportunities and Minimizing Evictions for Stabilization or HOMES Program, creating Chapter 108 of the Milwaukee County Code of General Ordinances to provide a rent abatement schedule, and supporting Assembly Bill 376, which proposes funds to make grants for eviction prevention.

**FISCAL EFFECT:**

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| <input type="checkbox"/> No Direct County Fiscal Impact<br><input type="checkbox"/> Existing Staff Time Required<br><input checked="" type="checkbox"/> Increase Operating Expenditures<br>(If checked, check one of two boxes below)<br><input type="checkbox"/> Absorbed Within Agency's Budget<br><input checked="" type="checkbox"/> Not Absorbed Within Agency's Budget<br><br><input type="checkbox"/> Decrease Operating Expenditures<br><br><input type="checkbox"/> Increase Operating Revenues<br><br><input type="checkbox"/> Decrease Operating Revenues | <input type="checkbox"/> Increase Capital Expenditures<br><br><input type="checkbox"/> Decrease Capital Expenditures<br><br><input type="checkbox"/> Increase Capital Revenues<br><br><input type="checkbox"/> Decrease Capital Revenues<br><br><input checked="" type="checkbox"/> Use of contingent funds |
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*Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.*

	Expenditure or Revenue Category	Current Year	Subsequent Year
<b>Operating Budget</b>	Expenditure	\$225,000	\$485,000
	Revenue	\$0	Unknown
	Net Cost	\$225,000	\$485,000
<b>Capital Improvement Budget</b>	Expenditure	\$0	\$0
	Revenue	\$0	\$0
	Net Cost	\$0	\$0

## DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
  - B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated. <sup>1</sup> If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
  - C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
  - D. Describe any assumptions or interpretations that were utilized to provide the information on this form.
- A. This resolution/ordinance, if adopted, creates the Housing Opportunities and Minimizing Evictions for Stabilization or HOMES Program. The resolution authorizes the creation of one position in the Department of Health and Human Services – Housing Division to manage the program, effective the first pay period after adoption. It also creates a Housing Stabilization Fund with an appropriation of \$100,000 in 2017 reallocated from the Appropriation for Contingencies. (The intention is to appropriate \$300,000 annually to the Housing Stabilization Fund in the 2018 budget and in subsequent years.) The resolution also appropriates \$100,000 from the Appropriation for Contingencies to Legal Action's Eviction Defense Project to increase the number of days the program operates from two to four.

The ordinance creates an abatement schedule for residential properties through the creation of Chapter 108 in the Milwaukee County Code of General Ordinances. The resolution requests Courts and DHHS – Housing Division staff to create an informational flyer that can be included with the initial court papers a tenant receives when an eviction action is filed. Finally, the resolution states the County Board's support for the State of Wisconsin Assembly Bill 376, which proposes to earmark \$1 million for eviction prevention grants.

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<sup>1</sup> If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

<sup>2</sup> Community Business Development Partners' review is required on all professional service and public work construction contracts.

B. The direct costs associated with this resolution/ordinance for 2017 are \$225,000, which includes \$25,000 for the Housing Stabilization Assistant's (HSA) salary and fringe benefits (assuming a start date of October 8, 2017), \$100,000 to the Housing Stabilization Fund that will be used to prevent evictions, and \$100,000 to the Eviction Defense Project operated by Legal Action, to expand services from two to four days a week to assist tenants facing eviction. It is anticipated that through the creation of a membership program for landlords and tenants the HSA will be able to generate revenue to partially offset the cost of the program. Due to the uncertainty of this revenue potential, this fiscal note does not include any revenues. Membership fee revenue may help offset some program costs in the future. A total of \$225,000 is appropriated from the Appropriation for Contingencies, Org. 1800-1945 to fund 2017 anticipated expenditures. The Comptroller report from May 31, 2017, reported that the balance of unallocated funds in the contingency fund is \$4.9 million. The Comptroller's report anticipates that the unallocated funds will be used to offset the departmental and non-departmental deficits for 2017, so use of the contingency fund during the year will increase the projected deficit, which is \$1 million based on activity through April 2017.


The full year fiscal impact for 2018 is estimated to be approximately \$485,000, which includes \$85,000 for the salary and fringe benefits of the position, \$100,000 for the Eviction Defense Project, and \$300,000 for the Housing Stabilization Fund.

C. The allocation of \$225,000 from the Appropriation for Contingencies will reduce the amount available for contingencies in 2017 and, to the extent these monies are used for the HOMES Program, will increase the County's projected deficit for this year. (The Comptroller, in a report dated May 31, 2017, projected the County will end 2017 with a deficit of at least \$1 million based on financial activity through April 2017). The ongoing annualized cost of the Housing Opportunities and Minimizing Evictions for Stabilization (HOMES) Program is approximately \$485,000: \$85,000 for salary and fringe benefits for the staff position and \$400,000 to provide \$100,000 for the Eviction Defense Project and \$300,000 for the Housing Stabilization Fund. The implementation of annual membership fees may partially offset the cost of the program.

D. No assumptions or interpretations were utilized.

Department/Prepared By Erica Hayden, Research & Policy Analyst, Office of the Comptroller

Authorized Signature



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Did DAS-Fiscal Staff Review?  Yes  No

Did CDBP Review?<sup>2</sup>  Yes  No  Not Required

