

COUNTY OF MILWAUKEE
Inter-Office Communication

Date: August 18, 2023

To: Marcelia Nicholson, Chairwoman, Milwaukee County Board of Supervisors

From: Shakita LaGrant McClain, Director, Department of Health and Human Services

Subject: A report from the Director, Department of Health and Human Services (DHHS), requesting approval to execute an affordable housing development contract in the amount of \$2,500,000 with Horizon Development Group or its assigns using previously approved American Rescue Plan Act (ARPA) funds

File Type: Action Report

REQUEST

The Director of the Department of Health and Human Services (DHHS) is requesting approval to execute a contract with Horizon Development Group or its assigns for an affordable housing development in Greenfield using American Rescue Plan Act (ARPA) Funds.

POLICY

File 22-702 authorized the use of \$15 million in American Rescue Plan Act (ARPA) State and Local 31 Fiscal Recovery Funds for affordable housing development. This investment is targeted toward the expansion of affordable housing opportunities throughout municipalities within Milwaukee County.

BACKGROUND

In 2021, Milwaukee County adopted the Collective Affordable Housing Plan (the “Plan”) in partnership with the Community Development Alliance (CDA). The Plan identifies the need to produce rental homes throughout the County, particularly rental homes that are \$650/month or less. Current data indicates that there are about 70,000 families in Milwaukee County that earn \$15/hour or less but only about 30,000 rental homes available to them. Consequently, there is a shortage of 40,000 units of available housing at \$650/month or less. If you just look at suburbs in Milwaukee County, there is a shortage of 7,000 rental homes that are \$650/month or less.

The County, in partnership with CDA issued a rolling Request for Proposals (RFP) (RFP CDA 2002-004) for projects located in suburbs within Milwaukee County, for up to a total of \$15,000,000 in ARPA assistance. Prior to this report, the County Board had authorized projects in the amount of \$9,487,541. Proposals were evaluated by a review panel consisting of representation from Milwaukee County and CDA. Although units at \$650/month were prioritized, monthly rent of up to \$1,250 was allowed (e.g. affordable rent for families making \$50,000 per year, which is the County median income). Horizon Develop Build Manage (DBM) has been recommended by the RFP panel for funding based on the following unit mix:

Developer	# of Rental Homes at Each Monthly Rate			Total
	<\$650	\$651 - \$1,000	\$1,000 - \$1,250	
Horizon DBM	16	11	11	38

This report seeks authorization for an additional \$2,500,000 of the \$15 million in ARPA for the following project based on the outcome of the RFP process:

Horizon DBM – Layton Preserve

- \$2,500,000 to assist with the development of 45 rental units in the City of Greenfield on 99th and Layton.

Horizon DBM’s development, Layton Preserve, is a new housing community of 45 units in the City of Greenfield. There are 38 units that are affordable and set aside for seniors with seven units being constructed as townhomes for families. The total development cost is \$13.6 million. The developer has already received full zoning approval and was awarded Low Income Housing Tax Credits in 2023. With an ARPA award from Milwaukee County, the development is ready to proceed with construction beginning in the fall of 2023.

Horizon DBM is a vertically integrated group of companies specializing in real estate development, construction, and management services. Started in 1984 and headquartered in Madison, Wisconsin, Horizon began as a development firm with the goal of improving access to independent housing. Horizon has completed over \$2 billion in development and construction work, and their management portfolio currently includes nearly 3,000 units that are more than 97% occupied. Although they have a portfolio of completed housing communities nationwide, Horizon focuses on projects in the Midwest region, including Wisconsin, Iowa, and Illinois.

Horizon Development Group, Inc. Horizon Development Group, Inc., (“HDG”) specializes in development of multifamily commercial real estate, with an emphasis on affordable housing. Their portfolio of relevant, completed work includes over \$500 million in total development costs and nearly 5,000 units of market rate and affordable multifamily housing. HDG credits their success to its integrated service platform, which strategically includes a mix of industry experts in design, construction, and property management in all phases of the development process.

ALIGNMENT TO STRATEGIC PLAN

This action item aligns with strategic plan objective 3A (Invest “upstream to address root causes of health disparities”) and objective 3C (Dismantle Barriers to diverse and inclusive communities). Stable affordable housing has demonstrated to improve the health of families by 18%. Furthermore, in suburbs located in Milwaukee County there are 16,000 families making 15,000 or less, but only about 7,000 units of housing that is available to them. The production of additional rental homes is an economic mobility tool to allow families from diverse backgrounds to find homes in any Milwaukee County community they choose.

RECOMMENDATION

It is recommended that the Milwaukee County Board of Supervisors authorize the Director, DHHS, or her designee, to execute an affordable housing development contract in the amount of \$2,500,000 with Horizon Development Group or its assigns using previously approved American Rescue Plan Act (ARPA) funds.

FISCAL EFFECT

There is no fiscal effect as ARPA funding has been previously dedicated for this purpose by the Milwaukee County Board. A fiscal note is attached.

TERMS

The term of the contract is October 1, 2023 to December 31, 2024.

VIRTUAL MEETING INVITES

James Mathy, Housing Administrator
Teig Whaley-Smith, CDA, teig@housingplan.org
Scott Kwiecinski, Horizon DBM, s.kwiecinski@horizondbm.com

PREPARED BY:

James Mathy, Housing Administrator, Department of Health and Human Services

APPROVED BY:

Shakita LaGrant-McClain
Shakita LaGrant-McClain, Director, Department of Health and Human Services

ATTACHMENTS:

Resolution and fiscal note are attached.

Cc: County Executive David Crowley
Sup. Liz Sumner, Chair, Finance Committee
Sup. Shawn Rolland, Chair, Health Equity, Human Needs, and Strategic Planning
Mary Jo Meyers, Chief of Staff, County Executive's Office
Kelly Bablitch, Chief of Staff, Milwaukee County Board of Supervisors
Janelle M. Jensen, Legislative Services Division Manager, Office of the County
Steve Cady, Research Director, Comptroller's Office
Lottie Maxwell-Mitchell, Sr Budget and Management Analyst, Office of Strategy, Budget & Performance