

COUNTY OF MILWAUKEE
Inter-Office Communication

Date: November 8, 2023

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

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

Subject: Report from the Director, Department of Health and Human Services (DHHS), requesting approval to execute affordable housing development contracts in the amount of \$6,612,489 using previously approved American Rescue Plan Act (ARPA) and HOME funds

File Type: Action Report

REQUEST

The Director of the Department of Health and Human Services (DHHS) is requesting approval to execute four contracts for affordable housing development using American Rescue Plan Act (ARPA) (authorized under File 22-702) and federal HOME funds. The recommended projects are as follows:

Jewish Family Services (JFS), Inc.

- \$1 million in HOME funds to assist with the development of 11 of 56 affordable rental units in the Village of Brown Deer. This development had previously received an award of ARPA funds from Milwaukee County of \$2 million.

JFS is developing a new affordable housing community of 56 units in Brown Deer. Fourteen of the units within the community will be reserved for persons with disabilities. The balance of units will be available to households with members with or without disabilities. The anticipated total project cost of \$19 million will be funded through WHEDA Low Income Housing Tax Credit Equity, a WHEDA mortgage, Milwaukee County ARPA funds, Milwaukee County HOME funds, Federal Home Loan Bank Affordable Housing Program Funds, and philanthropic funding.

Since 2010, JFS has provided high quality affordable housing and supportive services to address community needs within Milwaukee County. JFS developed Bradley Crossing Supportive Housing Community to serve persons with and without disabilities, including intellectual disabilities, physical disabilities, and mental illness. Half of the 114 units at Bradley Crossing are reserved for households with a member with a disability. Deerwood Crossing Senior Residences is an affordable senior housing community with 96 units of

independent living and licensed assisted living. These two communities comprise a unique affordable housing campus in Brown Deer that is dedicated to serving low-income individuals and families, with and without disabilities. There are approximately 350 residents across the JFS campus, including 100 children.

Spoerl Commercial, LLC.

- \$2,855,759 in ARPA funds and \$232,329 of HOME funds to assist with the development of 17 affordable rental units in the Village of Whitefish Bay.

This development will be a 17-unit development in the Village of Whitefish Bay located on the corner of Santa Monica Boulevard and Hampton Road, which is the gateway to the Village of Whitefish Bay. The location is across the street from Estabrook Park and within a block of the Oak Leaf Trail. The site also has a bus stop on the MCTS 14 line. The site is also adjacent to a pharmacy, and other desirable services. Families will have access the Whitefish Bay public schools which are consistently ranked amount the highest rated public schools in the State. The development is located in Milwaukee County Census Tract 703 which had a median household income of \$94,271 making it one of the higher earning census tracts in the County. It also has a homeownership rate of 80.2 percent which indicates a scarcity of available rental units.

Spoerl Commercial, LLC is the developer of the project and has assembled a very experienced team of project partners. Peot Shields Architecture has led the pre-planning and conceptual design of the project. Zimmerman Architectural Studios, one of Milwaukee's largest and oldest firms will be the lead architect of report. Setzer-Ornst Construction will bring a 94-year history successful construction projects and vast network of subcontractors and suppliers to the project including diverse and disadvantaged business enterprises (DBE). The project team is being led by Brian Spoerl, founding and managing member of Spoerl Commercial with over 30 years of commercial development experience.

Canal, LLC - Canal Transit Housing

- \$2,524,401 of HOME funds to assist with the development of 11 of 60 affordable rental units in the City of South Milwaukee.

Canal Transit Housing is a mixed-use development at 2318 10th Avenue in South Milwaukee. The development will be a 60-unit development with all units having affordability. A preference will be given to youth aging out of foster care for 15 of the units with on-site services provided. These services would include case management, financial literacy, and employment services.

Ariam Kesete, President of A.K. Development LLC, is the development team's lead.

Since 2013, Ms. Kesete has completed over 100 property rehabs in St. Paul, Minnesota and in Milwaukee. In keeping with her social mission, she also partnered with ACTS Housing on a rent to own model with her tenants. Ms. Kesete also played an integral role in the creation of Upstart Kitchen, a 24-hour kitchen incubator for the food industry and has served thousands of meals to participants in Milwaukee County’s Housing First Initiative. Born and raised in Eritrea, East Africa, Ms. Kasete migrated to the United States in 1997. She is a graduate of the Associates in Commercial Real Estate Program (ACRE).

This initiative works in strong partnerships with the Center for Real Estate at Marquette University, the Milwaukee School of Engineering, and the University of Wisconsin-Milwaukee to ensure a multi-disciplinary academic experience. The primary objective of the ACRE program is to foster diversity, equity, and inclusion within the commercial real estate industry to create wealth and make a positive impact on the social and physical landscape of neighborhoods.

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.

Under File 22-702, the Milwaukee County Board approved \$15,000,000 of ARPA funds towards affordable housing. The County, in partnership with CDA issued a rolling RFP (RFP CDA 2002-004) for projects located in suburbs located within Milwaukee County, for up to a total of \$12,000,000 ARPA assistance. The RFP has been open for two rounds (e.g. November and December). 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). The successful respondents were as follows:

Developer	# of Rental Homes at Each Monthly Rate			Total
	<\$650	\$651 - \$1,000	\$1,000 - \$1,250	
Jewish Family Service, Inc.	18	32	6	56
Spoerl Commercial, LLC			17	17
Canal, LLC		12	48	60
Total	18	44	71	133

To date, a total of \$12,144,241 out of the approved \$15 million in ARPA has already been authorized by the County Board under Files 23-235 and 23-802 including \$156,700 reserved for administrative costs. The remaining \$2,855,759 in ARPA is now being requested for approval under this file along with \$3,756,730 in HOME funds for a total of \$6,612,489.

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, Department of Health and Human Services, or her designee, to execute affordable housing development contracts in the amount of \$6,612,489 using previously approved American Rescue Plan Act (ARPA) and HOME funds.

FISCAL EFFECT

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

TERMS

The term of the contracts is January 1, 2024 to December 31, 2024.

VIRTUAL MEETING INVITES

James Mathy, Housing Administrator
Teig Whaley-Smith, CDA, teig@housingplan.org
Daniel Flieschman, JFS, dfleischman@jfshousing.org
Brian Spoerl, Spoerl Commercial, mbspoerl@spoerlcom.com
Ariam Kesete, A.K. Development, a.kesete@akdevmke.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
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, Senior Budget and Management Analyst, DAS