

COUNTY OF MILWAUKEE
Inter-Office Communication

Date: December 28, 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 \$1,000,000 using previously approved American Rescue Plan Act (ARPA) funds for crisis housing

File Type: Action Report

REQUEST

The Director of the Department of Health and Human Services (DHHS) is requesting approval to execute a contract with KG Development Group or its assigns for affordable housing development. This development would be funded by American Rescue Plan Act (ARPA) funds allocated under File 22-418 to ARPA Project 1AR08 – Trauma Response Program – established for the development of crisis housing. The award is for the following:

KG Development Group:

- \$1,000,000 in ARPA funds to assist with the development of 20 crisis beds and 21 affordable permanent supportive housing apartments.

KG Development Group is developing a new affordable housing community of 41 units at 2436 N. 50th St. in Milwaukee. Twenty of the units will be crisis housing beds for those who are experiencing an emergency housing situation and dealing with trauma. Twenty-one of the units will be affordable apartment units with eight of the units receiving project-based vouchers from the Housing Voucher Program within Housing Services. This will be the first project of its kind in the State of Wisconsin to merge crisis beds with permanent housing.

File 22-418 authorized \$1,971,200 in ARPA funds for this project for construction and supportive services start up. This report is requesting \$1 million for the construction of the development. The remaining \$971,200 will be awarded through a Request for Proposals (RFP) by Behavioral Health Services (BHS) for onsite services in 2024. The services will be sustainable beyond ARPA due to Medicaid billing options for this type of

service.

The anticipated total project cost of \$8.5 million will be funded primarily through WHEDA Low Income Housing Tax Credit Equity and Milwaukee County ARPA funds.

KG Development Group responded to a Housing Services RFP for qualified developers early in 2023 for the award of capital funds. KG Development Group is a full-service real estate development firm that strengthens communities by providing intentional, sustainable, and supportive solutions that remove Social Determinants of Health barriers to benefit people and their communities. KG Development has a strong mission to develop inclusive housing projects that address a variety of community needs.

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 percent.

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 an affordable housing development contract with KG Development Group, or its assigns, in the amount of \$1,000,000 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 under File 22-418.

TERMS

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

VIRTUAL MEETING INVITES

James Mathy, Housing Administrator
Teig Whaley-Smith, CDA, teig@housingplan.org
Daniel Flieschman, JFS, dfleischman@ifshousing.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