

**COUNTY OF MILWAUKEE**  
**Department of Health & Human Services**  
INTER-OFFICE COMMUNICATION

**DATE:** June 29, 2011

**TO:** Supervisor Lee Holloway, Chairman - Milwaukee County Board of Supervisors

**FROM:** Geri Lyday, Interim Director – Department of Health & Human Services

**SUBJECT:** **Report from the Interim Director, Department of Health and Human Services, requesting authorization to provide HOME funds to Jewish Family Services to construct housing for low-income seniors**

**Issue**

The Department of Health and Human Services is requesting approval of \$550,000 in federal HOME funds to Jewish Family Services, Inc to provide ten housing units in Brown Deer for low-income seniors in a housing project development where long-term care services would be available.

**Background**

Milwaukee County, representing 16 suburban communities, along with the Cities of Wauwatosa and West Allis, participate as a Consortium in the federal HOME Investments Partnerships Program. HOME provides funds for “bricks and mortar” housing production by local governments, private sector and non-profit developers, and Community Housing Development Organizations.

The attachment from Jewish Family Services (JFS) offers further detail on this proposal.

JFS, as the project owner and manager, seeks \$550,000 to be used in conjunction with Section 42 Affordable Housing Tax Credits through the Wisconsin Housing and Economic Development Authority (WHEDA), for the construction of a \$4.1 million, 33 unit senior citizen housing project located at approximately Bradley Road and Sherman Boulevard in Brown Deer. Long-term care services necessary to help individuals remain independent would be available to all residents. Of the 33 units, 10 1-bedroom units would be assisted with HOME funds and would be reserved for low-income seniors. At least 2 HOME units and common areas will be physically accessible for individuals with disabilities.

The proposed project is phase two of Deerwood Crossing, a successful similar affordable housing development, also owned by JFS, located at 4195 W. Bradley Rd. This project is a

residential care apartment complex (“RCAC”), an assisted living facility. JFS has a long and good history with Milwaukee County providing comprehensive social services to elderly and families.

The developer and general contractor in this project is General Capital Group. In existence since the 1980s, General Capital has an established record of developing over 700 affordable housing units in Southeast Wisconsin. Several of their projects have been developed in partnership with non-profits, including St Catherine Residence and Jewish Family Services.

The Village of Brown Deer supports this project. There are no zoning or other approval issues.

Under HOME regulations, assisted units can neither be restricted to persons of a given religion, nor is proselytizing permitted.

The projected per unit development cost of this project is \$139,363. The proposed subsidy request of \$55,000 per unit (\$550,000 for 10) is below the HUD limit of \$60,148 for a 1-bedroom elevator unit.

Section 42 Tax Credits at the 4% level (rather than 9%) have been awarded to this project, creating a financing gap of approximately \$900,000. A County participation of \$550,000 in federal HOME funds would substantially fill this gap. JFS and the developer are pursuing several alternatives to fill the remaining gap balance of \$350,000. Commitment of HOME funds is contingent upon receipt of complete project financing and execution of a development agreement consistent with HOME requirements.

The County has HOME program income of \$280,000, available grant funds of \$220,000 and anticipated program income funds of \$50,000 to commit to this project.

The HOME Program has a 20-year affordability requirement for newly constructed housing. During this period, units must meet income and rent limits, or the initial HOME investment must be recaptured. Consistent with this requirement and the assistance approved for recent projects in Brown Deer, Glendale, Greendale, and Wauwatosa, and with the description of the available and pending funds given above, staff will recommend that project funds be provided as a secured 0% interest loan, with payment deferred for 20 years.

## **Recommendation**

The Interim Director of the Department of Health and Human Services is seeking approval of a secured 0% interest, deferred payment loan in the amount of \$550,000 for the project as described above, contingent upon receipt of complete project financing and execution of a HOME development agreement consistent with the requirements of the HOME Program.

## Fiscal Effect

Approval of this recommendation will result in the expenditure of \$550,000 in federal HOME funds allocated to the County and HOME program income derived from HOME funded loan repayments.

A handwritten signature in black ink that reads "Geri A. Lyday". The signature is written in a cursive style and is positioned above a horizontal line.

Geri Lyday, Interim Director  
Department of Health and Human Services

cc: Chris Abele, County Executive  
Terrence Cooley, Chief of Staff - County Executive's Office  
Patrick Farley, Administrator - DAS  
Cynthia Pahl, Acting Assistant Fiscal & Budget Administrator  
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Glenn Bultman - County Board Analyst  
Linda Durham - Committee Clerk