

**MILWAUKEE COUNTY
INTER-OFFICE COMMUNICATION**

DATE: August 21, 2020

TO: Supervisor Marcelia Nicholson, Chairwoman, Milwaukee County Board of Supervisors

FROM: Shakita LaGrant, Interim Director, Department of Health and Human Services
Prepared by James Mathy, Administrator - Housing Division

SUBJECT: **Report from the Interim Director, Department of Health and Human Services (DHHS), requesting authorization to enter into a HOME written agreement for \$700,000 with Horizon Develop Build Manage (DBA Walnut Glen Apartments, LLC) for the construction of an affordable housing development in Wauwatosa**

Issue

The Department of Health and Human Services (DHHS) is requesting authorization to enter into a HOME Written Agreement for \$700,000 of HOME funds with Horizon Development (DBA Walnut Glen Apartments, LLC) to assist in the construction of eleven units of affordable housing at 1535 Rivers Bend in Wauwatosa, Wisconsin. These eleven units will be a part of a 101-unit affordable housing development for seniors and families.

Background

The HOME Program originated from the National Affordable Housing Act of 1990 and is a spin-off of the Community Development Block Grant (CDBG) Program to address housing needs only. Milwaukee County, as a designated Urban County, is part of a HOME Consortia with West Allis and Wauwatosa.

Financing of rental projects is an eligible HOME activity and Wauwatosa is part of the HOME Consortium jurisdiction. Financing of the project, if approved, will include a mortgage and promissory note at 0 percent interest deferred for 20 years. Eligible costs for the project include construction costs of the HOME units, a proration of required common areas, proration of land acquisition costs and a maximum reserve of 18 months. The proposed investment is within the HOME investment subsidy guidelines.

The identified units will have to remain affordable for 20 years. During that period of affordability, the HOME Written Agreement, as approved by Corporation Counsel and Risk Management, will be enforced and there will be a covenant recorded against the property. Rents shall be calculated by using an actual utility allowance or other approved schedule.

The rent limits set by the HOME Program for 2020 are:

2020 HOME Program Rents	Efficiency	1 Bedroom	2 Bedroom
Milwaukee/Waukesha			
Low HOME Rent Limit	\$628	\$761	\$922

The developer shall be responsible for conducting income qualification reviews of tenants based on the 24 CFR Part 5 definition of income. The County will be responsible for monitoring files and conducting annual inspections.

Discussion

The proposed development, Walnut Glen Apartments, is a partnership between the Milwaukee County Housing Division and Horizon Development. It will consist of a total of 101 units with 87 of the units reserved for low income seniors and 14 units will be townhomes that will be affordable for families. The Housing Division will make referrals for the HOME units through the Move On Initiative of the Milwaukee Continuum of Care and case management services will be offered to those individuals from the Housing Division as part of the agreement. The development will target individuals in need of supportive services ranging from those with histories of homelessness, those who are veterans, and those with various special needs. The Developments main source of financing is Low Income Housing Tax Credits (LIHTC) that were competitively awarded earlier this year by the Wisconsin Housing and Economic Development Authority (WHEDA).

This project is the final phase of a planned unit development. Cedar Glen was an 80 unit senior apartment community that was built in 2012. Milwaukee County successfully provided HOME funds for that project and the Developer remains compliant with the terms of that original agreement.

Horizon Develop Build Manage was established in 1984 as Horizon Investment & Development Corp. by Chuck Heath and his partners as a real estate development company. The company developed a multitude of properties including retail, commercial, multi-family residential, senior residential and land developments; placing emphasis on senior housing as its primary product line. In 1996, three Horizon entities were established to distinguish its platform of services:

1. Horizon Development Group, Inc. (HDG)
2. Horizon Construction Group, Inc. (HCG)
3. Horizon Management Services, Inc. (HMS)

Horizon Development Group, Inc. finds and evaluates new development opportunities and provides third party development services. Horizon Development has industry expertise in all forms of senior housing, affordable multi-family housing, commercial properties, and indoor waterparks.

Horizon Construction Group, Inc. was established in 1996 as a response to our dissatisfaction with general contractors falling short of our expectations. Horizon's mission is to complete all projects on time, on budget, and meet or exceed our clients' expectations. Horizon has extensive knowledge and experience with multi-family apartments, senior housing, retail, office, and indoor waterparks.

Horizon Management Services, Inc. provides third party property management services for affordable and market rate residential properties along with various commercial properties. Horizon Management is responsible for resident relations and services, accounting, marketing, leasing, maintenance, budgets and compliance for managed properties.

Horizon was named the top small business workplace in the Madison area by its employees.

Recommendation

It is recommended that the Milwaukee County Board of Supervisors authorize the Interim Director, Department of Health and Human Services, or her designee, to enter into a HOME written agreement approved by Corporation Counsel and Risk Management, for the use of \$700,000 in HOME funds to Horizon Develop Build Manage (DBA Walnut Glen Apartments, LLC) for the construction of eleven units of affordable housing at 1535 Rivers Bend in Wauwatosa, Wisconsin.

Fiscal Effect

The county's contribution to this development project is completely funded with federal HOME revenue. A fiscal note form is attached.



Shakita LaGrant, Interim Director
Department of Health and Human Services

cc: County Executive Chris Abele
Mary Jo Meyers, County Executive's Office
Kelly Bablitch, Chief of Staff, County Board
Scott Manske, Comptroller
Julie Landry, Interim Director, DAS
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