

COUNTY OF MILWAUKEE
Inter-Office Communication

Date: December 30, 2022

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

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

Subject: From the Director, Department of Health and Human Services (DHHS), requesting approval to execute affordable housing development contracts in the amount of \$9,487,541 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 four contracts for affordable housing development 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

\$12,000,000 in 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
MSP Real Estate, Inc.	16	20	20	56
Cornerstone Village	9	8	0	17
Crawford & Jefferies	19	3	60	82
Total	62	63	86	211

This report seeks authorization to utilize \$9,487,541 of the \$15 million in ARPA for the following four projects based on the outcome of the RFP process:

1) Jewish Family Services (JFS), Inc.

- \$2,000,000 to assist with the development of 56 affordable rental units in the Village of Brown Deer. This contract is contingent upon receiving an allocation of Low-Income Housing Tax Credits (LIHTC) prior to June 30, 2023.

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.

2) MSP Real Estate Inc.

- \$2,487,541 to assist with the development of 56 affordable rental units in the

Village of Wauwatosa.

This mixed-income, 80-unit project will be located within the Mayfair Collection in the northwest quadrant of Wauwatosa. The Burleigh Triangle & Mayfair Road Corridor North Redevelopment Vision and Plan (June 2, 2015) recognizes this area as “the largest commercial and employment corridor outside of downtown Milwaukee.” This is an excellent location for affordable housing, allowing lower income individuals to lower both their housing and transportation costs while having access to a variety of employment opportunities. The location is served by excellent public schools, public transit, and two full-service grocery stores—Meijer and Whole Foods— within walking distance. The total development cost of the project is \$23.5 million.

MSP Real Estate specializes in developing and operating senior and multifamily communities in the Midwest. Over the past 32 years, MSP has developed approximately 40 projects in the Midwest and has substantial experience using complex financing tools like housing tax credits and TIF to reposition challenged sites into vibrant and diverse communities.

3) Cornerstone Village – Wauwatosa, LLC

- \$2,500,000 to assist with the development of 17 affordable rental units in the Village of Wauwatosa.

Cornerstone Village – Wauwatosa is a mixed-use, inclusive residential community planned for a 2.1-acre site at the intersection of Wauwatosa and North Avenues. The five-story development will create 90 apartment units, four townhomes, and ground floor retail space—including 5,300 square feet of space leased to BMO Harris Bank. Approximately 25% (24) of the total units will be available for people with intellectual and developmental disabilities (I/DD) including 19 units that will be offered at affordable rental rates that are, with the County’s support, significantly below market.

The development will include a robust amenity package including underground and structured parking, a rooftop community room complete with a community kitchen and media center, a large fitness studio, and an outdoor patio. Other building amenities include electronic access control to the building (i.e. key card system), security camera system, electric vehicle charging stations, elevators and in-unit laundry. Additionally, the units will include inclusive design features to support independence for individuals with I/DD. Specific features include smart home controls (i.e. video intercoms, smart thermostats and smart locks), universal design, and adaptability. For example, unit layouts are designed to promote navigability, hard surfaces are used rather than carpet, and in-unit washers and dryers are provided for convenience for residents with limited mobility.

Luther Group has spent over 110 combined years acquiring, developing and investing in real estate across the country. The leadership team of Luther Group have completed projects with a combined value that exceeds \$1.5 billion and sale and lease transactions with a

combined value that exceeds \$500 million.

Luther Group specializes in ground-up development, acquisitions and re-development of properties in the healthcare, office, retail, industrial/warehouse/flex and mixed-use real estate market sectors and recently completed Harmonie Square, a 30-unit luxury mixed-use development in Wauwatosa. Luther Group also provides full-service property management services for its portfolio and third-party owners including accounting, lease administration, on-site maintenance and call center.

4) Scott Crawford, Inc. and J. Jeffers & Co.

- \$2,500,000 to assist with the development of 82 affordable rental units in the City of South Milwaukee. This contract is contingent upon receiving municipal approval of project plans, and an allocation of Low-Income Housing Tax Credits (LIHTC) prior to June 30, 2023.

The redevelopment plans for Bucyrus call for the delivery of 92 total multifamily units, with 22 rented for less than or equal to \$1,000 per month. Of these, 19 units (24% of the total affordable units) will be reserved for more vulnerable and under-resourced individuals and families, initially renting for less than or equal to \$650 per month. The total project cost is approximately \$36.7 million.

Scott Crawford, Inc. has built two multifamily apartment developments, including the new construction 43-unit Villard Common project and the 197-unit Community Within the Corridor (CWC), an adaptive reuse. J. Jeffers & Co. has 10 years of development experience with \$364MM in assets under current management. A core component of JJ&Co.'s portfolio is multifamily housing, which is delivered across the affordability spectrum. JJ&Co. currently owns and operates 384 units of multifamily housing, including 273 units of income-restricted housing. These include the Garfield & Griot Apartments in Milwaukee's Bronzeville neighborhood, and the Arabella/BCS and Gold Medal Lofts in Racine.

The development team brings a well-defined transformative placemaking approach to Bucyrus, wherein residential, commercial and green space elements are considered in a holistic way that complements and builds upon existing neighborhood assets while optimizing community access. The partners on the project desire to support broad economic mobility measures across the footprint and duration of our development while addressing the immediate and particular needs around housing stabilization.

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 \$9,487,541 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 contracts is January 1, 2023 to December 31, 2024.

VIRTUAL MEETING INVITES

James Mathy, Housing Administrator
Teig Whaley-Smith, CDA, teig@housingplan.org
Daniel Flieschman, JFS, dfleischman@jfshousing.org
Mark Hammond, MSP, mhammond@msphousing.com
Matthew Reisterer, Luther Group, mriesterer@luthergrp.com
Que El-Amin, Scott Crawford, que@scott-crawford.com

PREPARED BY:

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

APPROVED BY:


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