

**COUNTY OF MILWAUKEE**  
Inter-Office Communication

Date: November 7, 2022

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, requesting \$2,583,988 in ARPA funding to support the Acts Homeownership Acquisition Fund

File Type: Action Report

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**REQUEST**

DHHS requests \$2,583,988 for the Acts Homeownership Acquisition Fund project within the Community Support Expenditure Category for American Rescue Plan Act (ARPA) funding consideration.

**POLICY**

Milwaukee County Board file 21-555: “A resolution to create a Task Force to review and recommend funding allocations to the Milwaukee County Board of Supervisors for monies received by the County in the Federal American Rescue Plan Act of 2021”

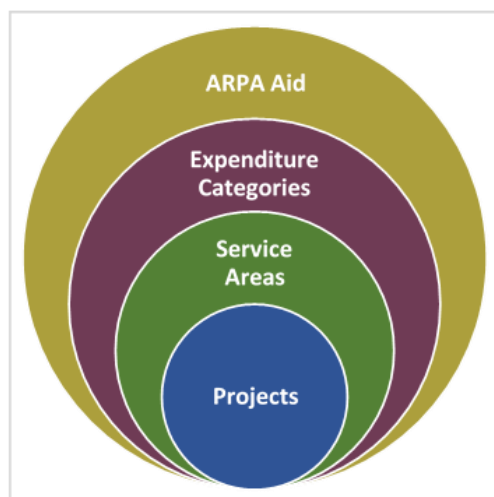
**BACKGROUND**

Milwaukee County will directly receive \$183 million between 2021-24 in federal ARPA aid. Approximately \$36,739,238 million has been allotted for Community Support projects.

The Community Support Service Area subgroup was established to generate project-level allocation recommendations to respond to economic harms to workers, families, small businesses, impacted industries, and the public sector in Milwaukee County.

The Household Assistance subgroup was formed with subject matter experts following the Community Support Service Area Subgroup Charter. Membership includes the following individuals:

Diagram A: Illustration of Terms



Name	Role & Title	Organization
Maricela Gaona	Lead Facilitator, Program Manager	Milwaukee County
Michelle Gore	Lead Facilitator, Program Manager	Milwaukee County
Cleopatra Echols	Lead Facilitator, Program Manager	Milwaukee County
Jim Mathy	Member, Housing Administrator	Milwaukee County
Gina Stilp	Partner, Executive Director	Zilber Family Foundation

In August 2022, the subgroup met to review the Acts Homeownership Acquisition Fund project received from an external source to support Milwaukee County’s recovery in this service area. The subgroup followed the criteria set by the ARPA Task Force and based on this criteria, recommended this project as a high priority project.

On September 8, 2022, the Milwaukee County ARPA Task Force recommended funding of \$2,583,988 by a vote of 5 to 0 (1 member was excused).

**PRIORITIZED PROJECT**

Milwaukee County, the City of Milwaukee, several practitioners and funders are members of the Community Development Alliance (CDA) and have contributed to and endorsed the Collective Affordable Housing Plan. After collaborating with over 100 stakeholders, the top priority of the coalition is to develop an Acquisition Fund to combat predatory acquisition.

The high-ranking project in this service area is listed below for recommendation. Please also note the attached project proposal (Attachment A), the criteria scoring rubric (Attachment B), and the Service Area subgroup review summary (Attachment C) provide further detail.

Project Name	Description	Budget
Acts Housing Homeownership Acquisition Fund	Acquire 100 homes each year that would otherwise be purchased by investors, preserve them for homeownership, and assist homebuyers to purchase them. The project includes \$83,988 for contracting, fiscal oversight and project management support by the Milwaukee County Department of Health and Human Services.	\$2,583,988

The CDA has partnered with Acts Housing to Develop the Acts Homeownership Acquisition Fund. The long-term goal of the Fund is to purchase 200 single family homes and duplexes and sell them directly to homeowners. Acts has been serving Milwaukee families since 1995 and has helped over 3,000 families purchase a home. In 2021, Acts counseled 1,670 families, 84% of which were families of color, and 80% of which earned below 80% of the Area Median Income.

Phase I of the Fund will raise \$11 million for the acquisition of 100 homes per year. So far, \$1 million has been raised from the Zilber Family Foundation (ZFF) to support startup staffing costs. After three years, the Fund is expected to be self-sustainable. The remaining \$10 million is for a capital fund to purchase the first 100 properties. As each property is sold, the Fund will be replenished. In addition to the ZFF Funds, an additional \$2 million has been raised privately. The balance to be raised of \$8 million is intended to be funded by \$2.5 million from the County (i.e. this request), \$2.5 million through the City Housing Trust Fund, and the balance of \$3 million will be raised privately. The chart below shows the status on fundraising for Phase I.

<b>Phase I Total</b>	\$ 11,000,000			
	<b>Source</b>	<b>Cost</b>	<b>Committed</b>	<b>Pending</b>
<b>Staff Support</b>	Zilber	\$ 1,000,000	\$ 1,000,000	
<b>Capital Fund</b>		\$ 10,000,000		
	County ARPA			\$ 2,583,988
	City Housing Fund			\$ 2,500,000
	Private Sources		\$ 2,000,000	\$ 3,000,000
	<b>Total</b>	<b>\$ 11,000,000</b>	<b>\$ 3,000,000</b>	<b>\$ 8,083,988</b>

The County’s investment will be leveraged 4 to 1, and overall public investment will be matched 100%. After three years, Phase II will be launched which will use loan capital to double the capacity of the fund. Leadership staff of the Fund have been hired, and the first acquisition has been made, but to bring the project to scale, the County investment is critical.

**ALIGNMENT TO STRATEGIC PLAN**

This item aligns to 3A in Milwaukee County’s Strategic Plan: Invest “upstream” to address root causes of health disparities. Predatory acquisition has targeted communities of color. As a result, Milwaukee has lost 1,000 homeowners of color each year since 2010. In majority Latino neighborhoods, homeownership is down 15% and for majority Black neighborhoods homeownership is down by 20%. The primary root cause of this devastating drop in homeownership and stability of neighborhoods is predatory acquisition, the targeting of

communities of color by investors to flip owner occupied homes into rental assets for outside investors. There are over 17,000 Black and Latino families aspiring to purchase a home for \$125,000 or less, unfortunately, there are only 1,500 available homes sold each year in this price range. Even worse, 40% of these homes are purchased by investors.

To combat predatory acquisition, the Acts Homeownership Acquisition Fund will acquire 100 properties at approximately \$100,000 each by December 31, 2024. After the sale to homeowners the proceeds will be reinvested into the next round of properties, and the cycle will repeat itself in perpetuity.

### **FISCAL EFFECT**

A fiscal note form is attached.

### **TERMS**

The anticipated contact terms extend from January 1, 2023 until December 31, 2024.

### **PREPARED BY**

Clare O'Brien, Budget & Policy Director, DHHS

### **APPROVED BY:**

*Shakita LaGrant-McClain*

Shakita LaGrant-McClain, Director, Department of Health and Human Services

### **VIRTUAL MEETING INVITES**

[james.mathy@milwaukeecountywi.gov](mailto:james.mathy@milwaukeecountywi.gov)

[ashley.adsit@milwaukeecountywi.gov](mailto:ashley.adsit@milwaukeecountywi.gov)

[michelle.gore@milwaukeecountywi.gov](mailto:michelle.gore@milwaukeecountywi.gov)

Dorothy York, Acts Housing [dorothy@actshousing.org](mailto:dorothy@actshousing.org)

Teig Whaley-Smith, Community Development Alliance [teig@housingplan.org](mailto:teig@housingplan.org)

### **ATTACHMENTS:**

Attachment A: Acts Homeownership Acquisition Fund Project Proposal

Attachment B: ARPA Proposal Review Criteria – Community Support Programs

Attachment C: Service Area Subgroup Review for Acts Homeownership Acquisition Fund

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, Fiscal & Management Analyst, DAS