

**MILWAUKEE COUNTY  
INTER-OFFICE COMMUNICATION**

**DATE:** February 21, 2014

**TO:** Marina Dimitrijevic, Chairwoman, Milwaukee County Board of Supervisors

**FROM:** Héctor Colón, Director, Department of Health and Human Services  
*Prepared by James Mathy, Administrator - Housing Division*

**SUBJECT:** Report from the Director, Department of Health and Human Services, requesting authorization to amend the HOME written agreement with Jewish Family Services Housing, Inc., and increase the award of HOME funds from \$675,000 to \$1,485,000 for the construction of 11 units of affordable housing at 4400 W. Bradley Road

**ISSUE**

The Department of Health and Human Services (DHHS) is requesting authorization to amend the HOME Written Agreement of HOME funds with Jewish Family Services Housing, Inc., from \$675,000 to \$1,485,000 to assist in the construction of 11 units of affordable housing at 4400 W. Bradley Road. These 11 units will be a part of a 54-unit development called Bradley Crossing Phase II.

**BACKGROUND**

The HOME program was born out of the National Affordable Housing Act of 1990 and was 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 the Village of Brown Deer is part of the HOME Consortium jurisdiction. Financing of the project, if approved, will include a mortgage and promissory note at 0% 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. Minimum HOME investment per unit is \$1,000 and the maximum is listed below.

NON ELEVATOR TYPE	Basic Limit Per No. of Bedrooms				
	0	1	2	3	4
	\$122,294	\$141,005	\$170,057	\$217,678	\$242,501

ELEVATOR TYPE	Basic Limit Per No. of Bedrooms				
	0	1	2	3	4
	\$128,698	\$147,530	\$179,398	\$232,080	\$254,753

The property 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. Even if the loan is repaid early or there is a change in ownership, the period of affordability will remain for the full duration. During this period at least 20% of the units must be "Low HOME rent" units; the remaining may be at the high rent limit. Rents shall be calculated by using the Section 8 utility allowance or other approved schedule. Below are the tables for the 2014 limits and period of affordability.

Activity	Minimum period of affordability in years
Rehabilitation or acquisition of existing housing per unit amount of HOME funds: Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000	15
New construction or acquisition of newly constructed housing	20

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. County Housing staff as well as an independent party with experience in subsidy layering reviewed the project using the HUD recommended

template. The subsidy layering analysis shows the amount requested is reasonable and that the project is feasible.

## **DISCUSSION**

The first phase of Bradley Crossing is a 60-unit, multi-generational supportive residential housing community owned and operated by Jewish Family Services (JFS) and professionally managed by Oakbrook Corporation. Residents of the facility will include clients of JFS and other organizations who serve clients with physical and intellectual disabilities (I/DD) from age 18 and older. The facility is following the national trend in housing for people with disabilities that is shifting away from large institutional settings and community-based group homes to individualized support delivered to clients living at home in “mixed” living environments. It is critical to note that these individuals will be heavily screened for their ability to live independently, as it is the primary goal of the facility to successfully integrate persons with physical and intellectual disabilities in fully independent residential environments.

The first phase of Bradley Crossing opened in the fall of 2012. This housing development has been fully occupied since its opening and has been successful. The demand for this type of housing is enormous and the need is not met with the first phase alone. This second phase would surround Bradley Crossing with a series of 10-unit stacked flats and row homes. These units will offer a different style of living environment with individual unit entries and private garages. Residents of this phase will be offered the same supportive services offered to residents in the first phase but in a more private community setting. The second phase will also take advantage of the amenities provided in the first phase, including access to JFS services and counseling center, the Village of Brown Deer Community Center and various common areas and resources provided to residents of Bradley Crossing.

The building is designed using high-quality materials including brick, stone and cement board siding, similar in character to the first phase of Bradley Crossing. Phase II will include six buildings: five, 10-unit “stacked flats” with private garages and one building containing four townhome-style units facing Bradley Road. The use of appropriate massing and key architectural elements will serve to create visually interesting buildings that fit into the context of the Bradley Road neighborhood.

The layout of the buildings, parking and pedestrian facilities reinforces the Traditional Neighborhood Development (TND) design intended for the Bradley Village neighborhood. The layout promotes pedestrian activity and an authentic neighborhood feel. Residents will be able to walk to local restaurants, cafes and convenience store. The site is also conveniently located on multiple bus lines.

Jewish Family Services has provided comprehensive social services to families in the Milwaukee area since the organization was founded in 1867. Its mission is to provide supportive services

that help strengthen families, children and individuals throughout their life cycle within the context of their needs. Bradley Crossing will promote independence and integration for individuals requiring support services; half the units will target people with developmental, intellectual or physical disabilities (note that Milwaukee County is providing project based housing assistance for 30 of the 60 units). The other half will be marketed to individuals and families whose income qualifies under Section 42 and who desire to live in a well located, high-quality apartment community in the Village of Brown Deer.

Staff is recommending this funding increase due to unforeseen costs documented by the developer. The developer has found extreme soil conditions which have an impact on excavation, site, footing and foundation costs for the buildings. The cost to address the soil accounts for more than half of the additional HOME funds request. Given that the project is an affordable development for tenants with special needs, elevators were added to each building. In addition to the elevator cabs and mechanical controls, there are additional costs for masonry, electrical, foundations etc. Initially, these two-story structures were envisioned to have ground floor entry with a staircase for 2<sup>nd</sup> floor access.

The Village of Brown Deer, as part of the site plan approval and entitlement process, also required that one of the larger buildings be split into two separate buildings. This adds an additional building end (carpentry, brick, footings, foundation, drywall, etc.) and site improvements between the buildings. Developers have recently experienced higher construction pricing in the marketplace across the board. As the economy has improved, increased construction activity has resulted in subcontractor backlogs and less aggressive pricing. Since the beginning of the year, many materials have increased in price as well.

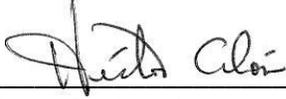
### **RECOMMENDATION**

It is recommended that the County Board of Supervisors authorize the Director, DHHS, or his designee, to amend the HOME Written Agreement of HOME funds with Jewish Family Services Housing, Inc., from \$675,000 to \$1,485,000 to assist in the construction of 11 units of affordable housing at 4400 W. Bradley Road.

### **FISCAL EFFECT**

This projected is completely funded with HOME revenue. A fiscal note form is attached.

Respectfully Submitted:



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Héctor Colón, Director  
Department of Health and Human Services

cc: County Executive Chris Abele  
Raisa Koltun, County Executive's Office  
Kelly Bablitch, Chief of Staff, County Board  
Don Tyler, Director, DAS  
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