

Discussion Paper

Funding Strategy for a Milwaukee Housing Trust Fund

Goal: Create an annual \$5 Million Housing Trust Fund allocation funded with dedicated revenue that is renewed every year.

The only way to ensure ongoing development of new affordable housing in order to meet the severe need in Milwaukee is to create a Housing Trust Fund from dedicated sources that are renewed each and every year. Following is a package of recommendations that are meant to be taken together to reach the HTF annual revenue goal.

Extending TIF Revenues - Extend Milwaukee's portion of TIF revenues for a four year period after the TIF expires. This will commence with the 2007 City budget. Because these revenues fluctuate dramatically from year to year, it is important to identify additional sources of revenue in order to meet the \$5 Million annual HTF goal.

Creating a City-Wide TIF – Following the Flint Michigan model, Milwaukee could create a city-wide TIF that only encompasses vacant property in the city. The TIF would be city wide, but would only include those individual pieces of property that are vacant (land and buildings). Once the properties are improved, the revenue from the improvements will be used to offset the bonding for the TIF. The funds garnered from the TIF Bond would be used to help capitalize the Housing Trust Fund.

Establish a Development Linkage Fee – Create a linkage fee for ALL residential, commercial and industrial property. The fee would be no greater than twenty-five cents per square foot and would only be assessed for new construction or major renovation of existing structures.

Proceeds from City Land Sales – The city of Milwaukee routinely sells land and property that it owns. Currently, 20% of the proceeds of these sales are allocated to DCD. This proposal recommends that the remaining 80% of land sales proceeds be allocated to the Housing Trust Fund.

Encumber Future Potawatomi Funds – The city of Milwaukee receives approximately \$3.9 Million from the Potawatomi gaming agreement on an annual basis. It is reported that with the expansion of the existing casino, these revenues could grow to an average of \$7.2 Million per year. One-third of the expected increase or \$1 Million per year (whichever is more) should be allocated to the Housing Trust Fund.

General Obligation Borrowing – On any year that the combined revenue identified above does not meet the \$5 Million goal, the city of Milwaukee will issue a General Obligation Bond to bring the Housing Trust Fund up to the recommended amount.

State Legislation – The City should take the lead on proposing two state legislative changes: a) Allow a portion of TIF revenue to roll up into a Common Fund to be used for HTF funding; b) Enact state enabling legislation to allow cities and counties to create distinct fees and taxes earmarked solely for the creation and operation of a Housing Trust Fund.