



DALE KOOYENGA

STATE REPRESENTATIVE • 14th ASSEMBLY DISTRICT

(608) 266-9180
Fax: (608) 282-3614
Toll Free: (888) 534-0014
Rep.Kooyenga@legis.wi.gov

P.O. Box 8952
Madison, WI 53708-8952

January 3, 2018

TO: Members of the Assembly Committee on Housing and Real Estate

FR: Representative Dale Kooyenga

RE: support for AB 768 – tax-exempt property of housing authorities

Thank you for holding a hearing on Assembly Bill 768. This bill codifies current practices for City Housing Authorities in our state and clarifies Wisconsin law to conform with Federal HUD guidance.

Assembly Bill 768 clarifies current law to ensure that housing authority developments continue to be exempt from local property taxes. This is the intent of current law and is consistent with how property tax assessors treat housing authority property currently. However, as housing authorities tap into innovative private sector financing for certain developments, the statutes must be updated to maintain clarity and ensure consistent interpretation. This clarification is also necessary to help ensure compliance with HUD standards for financing certain low income housing developments.

Currently, the property of a housing authority is exempt from state and local taxes. The bill specifies that for purposes of this exemption property of an authority includes property in which an authority or an entity in which the authority holds an ownership interest holds a partial ownership interest, provided the property is held either as part of a financing or equity plan that includes state or federal tax credits, financing, or rent subsidy or for a purpose related to the conversion of a housing project to a rental or housing assistance program under a contract with the federal government. This language mirrors the type of financing arrangements utilized for larger scale neighborhood redevelopment initiatives for low income housing.

Assembly Bill 768 was drafted with the assistance of the Housing Authority for the City of Milwaukee (HACM) and addresses new practices like the Rental Assistance Demonstration program (RAD) which engages the private sector to address a backlog in public housing capital. RADs provide more stable funding and allows for private/public funding leverage ratios for housing authorities as high as 9:1.

Thank you for hearing this bill and I respectfully ask for your support.



TO: Members, Assembly Committee on Housing and Real Estate
FROM: Housing Authority of the City of Milwaukee
DATE: January 3, 2018
RE: Support for Property Tax Clarification – AB 768

By the Numbers

RAD has resulted in \$2.5 billion in total financing for housing projects, with a public investment of only \$250 million

Since 1994, HACM has helped 508 low-income residents become homeowners, adding \$6M to the tax base

HACM's Education Initiative has a 91% graduation rate (2006-2016)

Rent collected:
\$9.9M - public housing
\$7M - unsubsidized

8,400+ Low-Income Families Served:
2,200+ seniors
4,300+ people w/disabilities
10,000+ youth

59% of public housing and 44% of housing choice voucher households have earned income

A+ credit rating from Standard & Poor's Rating Services

The Housing Authority of the City of Milwaukee (HACM) requests your support for Assembly Bill 768 in order to clarify current law to ensure that housing authority developments continue to be exempt from local property taxes and compliant with federal Department of Housing and Urban Development (HUD) requirements.

Financing for Affordable Housing has changed:

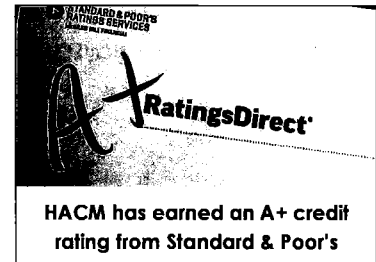
- **Engaging the Private Sector:** The Rental Assistance Demonstration (RAD) program, created in 2012, is an innovative approach focused on engaging the private sector to address the nation's \$26 billion public housing capital backlog.
- **A Voucher-Based Funding Approach:** RADs provide more stable, long-term funding and make it easier for public housing authorities to leverage additional funding sources, including private sources.
- **Leveraging Public Funding:** Nationally, over \$2.5 billion in financing has been secured through October 2015, with only \$250 million coming from public housing funds – a leverage ratio of 9:1.
- **Moving Toward Community Housing:** This new approach allows HACM and other public housing authorities to creatively structure financing deals and move away from old high-rise style public housing structures toward mixed-market community housing.

HACM appreciates your support of AB 768. This important legislation is needed to clarify the property tax code so that these types of modern low income housing developments remain exempt from local property taxes and compliant with HUD requirements.



The **Housing Authority of the City of Milwaukee (HACM)** has been a leader in housing, neighborhood development and urban renewal for over 70 years. **HACM works to foster strong, resilient and inclusive communities by providing a continuum of high-quality housing options that support self-sufficiency, good quality of life, and the opportunity to thrive.**

HACM Housing Portfolio				
Public Housing	Tax Credit	Housing Vouchers	Unsubsidized	Total
3,097	952	6,200	999	11,248



INVESTING IN NEIGHBORHOODS

HACM is continuously investing in Milwaukee to ensure the availability of high-quality housing options within strong and vibrant neighborhoods.

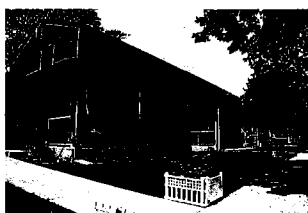
HOPE VI - Utilizing the federal HOPE VI program, HACM has invested over \$138 million to renew affordable housing and stabilize Milwaukee neighborhoods.

Resident income rose 25%,
property values rose 54%,
and crime decreased due to
HACM's HOPE VI investment.

MIXED-FINANCE REVITALIZATION - HACM has secured a mix of financing, including Low-Income Housing Tax Credits, to build or modernize over 1,000 affordable and market-rate housing units in the past 15 years. In 2010, HACM utilized \$72 million in WHEDA tax credits to begin transforming Westlawn, once the state's largest public housing development, into Westlawn Gardens, a mixed-income, mixed-use community. The revitalization is continuing with the 2015 award of a \$30 million HUD Choice Neighborhoods Implementation grant that will leverage an additional \$250+ million of public and private investment to develop an inclusive community with quality housing, schools, businesses, services and amenities.



HOUSING CHOICE VOUCHERS (Section 8 Rent Assistance) – HACM administers nearly \$36 million in housing assistance payments annually to over 2,000 landlords, providing stability to both low-income residents and the rental market. HACM also administers 300 **Veterans Affairs Supportive Housing (VASH)** vouchers that provide formerly homeless veterans with housing and supportive services to keep them housed.



UNSUBSIDIZED WORKFORCE HOUSING – HACM owns and operates nearly 1,000 units of private housing that is unsubsidized but priced affordably for lower-income working households.

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE

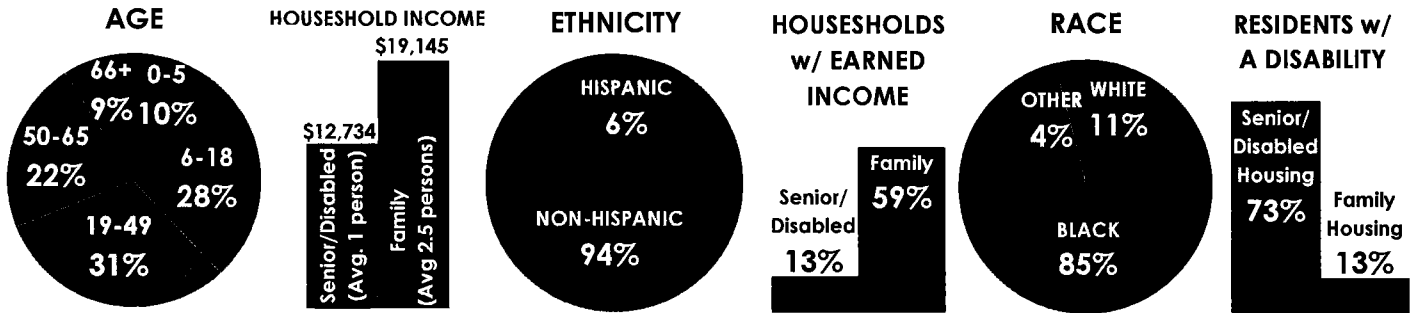
INVESTING IN PEOPLE



COMMUNITY AND SUPPORTIVE SERVICES

HACM has more than 30 years' experience building innovative and award-winning partnerships to connect low-income families to economic development and supportive services that help them improve quality of life and increase self-sufficiency.

HACM PUBLIC HOUSING DEMOGRAPHICS (5,400 Persons)



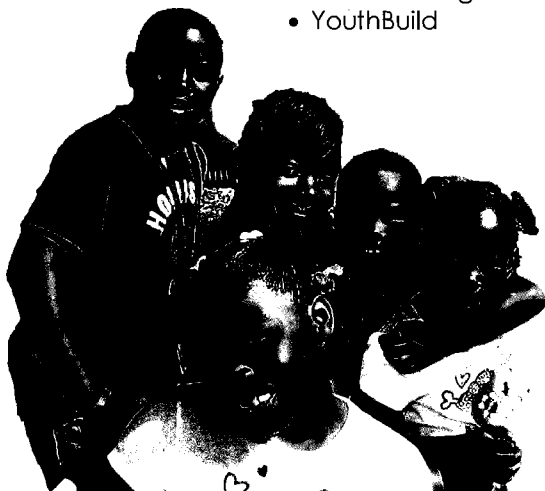
Services for Youth, Seniors and Persons with Disabilities: Youth & family agencies are located in three HACM developments to provide a comprehensive array of services. Since 1993, SET Ministry, Inc. has assisted more than 1,300 senior and disabled adult residents in HACM's housing. In addition, the Milwaukee County Department on Aging has four senior meal sites located in HACM developments.



The **Lapham Park Venture** is a nationally-renowned model of comprehensive care that helps seniors to age in the community instead of prematurely moving into more expensive nursing home care. The Venture conserves more than \$1 million in annual Medicaid nursing costs.

Employment & Training

- HACM Case Management connects residents with:
- TANF and other government agencies
 - Milwaukee Area Workforce Investment Board (MAWIB)
 - Wisconsin Regional Training Partnership/BIG STEP
 - Transitional Jobs Programs
 - YouthBuild



Financial Education & Asset Building

"**Make Your Money Talk,**" a partnership with Wisconsin Women's Business Initiative Corporation (WWBIC) provides financial education and an Individual Development Account (IDA) program that helps residents save money for asset purchases. Nearly 1,500 people have completed the training and residents have saved nearly \$500,000 that is matched with over \$1.3 million towards asset purchases. In addition, over 140 public housing and voucher families are enrolled in HACM's **Family Self-Sufficiency (FSS) Program**, which allows them to build financial assets as their earned income grows and they accomplish set goals. They have saved a collective \$360,000 to date.

Education: HACM's **Education Initiative** works to keep kids in school and to graduate. Since 2005 92% of high school seniors in the program have graduated.

Homeownership: Since 1994 the HACM **Homeownership Program** has helped 507 public housing residents, Housing Choice Voucher holders, or other low-income residents in becoming homeowners, adding over \$6 million to the tax base.