

Mike Kuglitsch

STATE REPRESENTATIVE • 84TH ASSEMBLY DISTRICT

DATE: January 19, 2022
RE: **Testimony for Assembly Bill 526**
TO: Assembly Committee on Housing & Real Estate
FROM: Representative Mike Kuglitsch
SUBJECT: Changes to Housing Authorities

Thank you Mr. Chair and Members of the Committee for your consideration of Assembly Bill 526, which makes changes to the administration of Housing Authorities in Milwaukee.

The U.S. Department of Housing and Urban Development (HUD) has been encouraging the development of mixed-income housing as a means to change the trajectory of families living on public assistance. Cabrini Green is an infamous public housing project that was constructed with the best of intents, but when put into practical use, only exacerbated the issue by concentrating the poverty into a focused area.

Wisconsin needs to join the long list of communities across the country implementing the mixed-use/mixed-income strategy of public housing. Cities such as Allentown, Pennsylvania, Memphis, Tennessee, Lexington, Kentucky, Greensboro, North Carolina, Charlottesville, Virginia and Cincinnati, Ohio have all adopted the mixed-use/mixed-income strategy toward public housing.

Mixed-income/mixed-use developments are an important tool for public housing authorities to reduce the need for government funding by cross-subsidization (rents from higher-income tenants that help reduce the subsidy required to provide housing to low-income residents). When applied by a housing authority to a targeted area, mixed-income/mixed-use housing can combat concentrations of poverty, increase the property tax base, add opportunities for upward mobility, and help residents achieve financial independence within the neighborhood.

Assembly Bill 526 authorizes Milwaukee's public housing authority to use mixed-income/mixed-use developments that serve persons of low income but also mix market-rate tenants within the same project. The Housing Authority will gain the option to include commercial tenants, like a grocery store or office property, and share residential space between low-income and market-rate tenants.

Mixed developments attract market-rate tenants not only to the housing development but also to the surrounding neighborhood, which results in a more stable neighborhood community when compared with historic “public housing projects.” The proximity of these developments to employers helps strengthen the worker-jobs nexus, which also ensures a more economically stable neighborhood with residents who are moving toward financial self-sufficiency.

The primary source of funding for PHAs is federal grants from the U.S. Department of Housing & Urban Development (HUD), which requires adherence to federal procurement regulations and includes a threshold for public bidding of \$50,000. Wisconsin’s current threshold for procurement is \$25,000. Assembly Bill 526 raises Wisconsin’s procurement threshold to \$50,000. A higher threshold in Wisconsin reduces overhead and aligns with current HUD procurement standards, allowing PHAs to put more dollars into affordable housing.

In discussions with stakeholders, Assembly Amendment 1 was added to the bill at the request of the Wisconsin Realtors Association (WRA) and the National Association of Industrial and Office Properties (NAIOP) that limit the effect of the bill to the city of Milwaukee and only properties owned by the Housing Authority prior to October 1, 2021.

I believe if we implement the mixed-use/mixed-income strategy in Milwaukee, the housing authority can invest housing funds in more economically viable long-term projects that provide quality housing for its residents and generate on-going revenue to the local community.

Thank you Mr. Chair, I ask for your support of this legislation and I am happy to take any questions.



STATE REPRESENTATIVE

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DRAKE

Testimony in Support of Assembly Bill 526/SB533

To: Members of the Assembly Committee on Housing & Real Estate
From: Rep. Drake
Date: January 19, 2022

Chairman Summerfield and members of the Assembly Committee on Housing & Real Estate:

I am writing to express my strong support of Assembly Bill 526, and wish to extend my thanks to State Representative Kuglitsch, State Senator Darling, and the co-sponsors included for making this a bi-partisan legislative proposal.

Under current law, the common council of a city may create a housing authority. With that comes a variety of powers, related to increasing safe and sanitary low-income housing. AB 526 allows to acquire, construct, and operate mixed developments. Often times these mixed use properties, will create examples of an apartment complex with a grocery store on the ground floor. It also includes mixed-income housing, where both low and moderate incomes could be served in the same housing complex.

Accessible housing is a step in ensuring economic stability for families and building stronger neighborhoods. Allowing mixed-use developments attempts to place greater support into the building for low-income families to thrive. Therefore, the expansion of these facilities will be able to offer stable, affordable housing to serve a range of families in the community, especially those with low to moderate income thresholds.

These are the types of economic tools we need to ensure there are increased opportunities for families, neighborhoods to be re-developed and strengthened at the local level to communities across the State of Wisconsin.

Again, I wish to thank Chairman Summerfield, the members of the Assembly Committee on Housing & Real Estate Committee for hearing this bill today and as one of the authors I respectfully ask for your support. Thank you!

Respectfully,

Rep. Drake
State Representative
11th Assembly District

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— **Alberta Darling** —
Wisconsin State Senator · District 8

Testimony before the Assembly Committee on Housing and Real Estate

Assembly Bill 526

Thank you Chair Summerfield and committee members for taking the time to hear Assembly Bill 526. Communities across Wisconsin need access to high quality, low-income housing. Assembly bill 526 provides housing authorities with the flexibility they need to create more affordable housing options.

Under current law, the common council of a city may create a housing authority. A housing authority may exercise a variety of powers, generally related to increasing the availability of safe and sanitary low-income housing. Assembly Bill 526, as amended by Assembly Amendment 1, allows a housing authority in a first class city to operate mixed developments. This includes mixed-use properties, like an apartment complex with a grocery store on the ground floor. It also includes mixed-income housing, where both low and moderate incomes could be served in the same housing complex.

The average cost of a home increased 15% over the last year, according to the Wisconsin Realtor's Association. For many low-income families, these rising costs keep them out of stable housing. Assembly Bill 526 provides housing authorities with the flexibility they need to update existing units to create safe, stable, and sustainable low-income housing for our constituents. By allowing mixed-use developments, our housing authorities can attempt to place additional supports into the building for low-income families to thrive. Additionally, by expanding access to those of moderate income, these facilities will be able to offer stable, affordable housing to serve a range of families in the community.

Assembly Bill 526 will provide additional housing and employment opportunities for low-income constituents. I hope to count on your support.