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Details:

(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2007-08

(session year)

Senate

(Assembly, Senate or Joint)

Committee on ... Labor, Elections and Urban Affairs (SC-LEUA)

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
 - (**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
 - (**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

Senate

Record of Committee Proceedings

Committee on Labor, Elections and Urban Affairs

Senate Bill 426

Relating to: authorizing a city or village to extend the life of a tax incremental district for one year to benefit housing in the city or village.

By Senators Coggs, Plale and Taylor; cosponsored by Representatives Grigsby, Cullen, Colon, Fields, Kessler, Parisi, Richards, Sinicki, Toles, Turner, A. Williams, Young, Zepnick and Van Roy.

January 31, 2008 Referred to Committee on Labor, Elections and Urban Affairs.

February 20, 2008 **PUBLIC HEARING HELD**

Present: (5) Senators Coggs, Wirch, Lehman, Grothman
and A. Lasee.

Absent: (0) None.

Appearances For

- Spencer Coggs — Senator
- Tamara Grigsby — Representative
- Michael Murphy — Alderman
- Michael Soika — Milwaukee Housing Trust Fund Coalition
- Marcus White — Interfaith Conference

Appearances Against

- None.

Appearances for Information Only

- None.

Registrations For

- Jessica Arndts — Representative Tamara Grigsby
- Ed Huck — Wisconsin Alliance of Cities
- Sherrie Gates-Hendrix — Department of Revenue
- Josh Zepnick — Representative
- Ramie Leonard — Independence First
- Jennifer Gonda — City of Milwaukee

Registrations Against

- None.

Registrations for Information Only

- None.

February 27, 2008

EXECUTIVE SESSION HELD

Present: (5) Senators Coggs, Wirch, Lehman, Grothman
and A. Lasee.

Absent: (0) None.

Moved by Senator Wirch, seconded by Senator Lehman that
Senate Amendment 1 be recommended for adoption.

Ayes: (5) Senators Coggs, Wirch, Lehman, Grothman
and A. Lasee.

Noes: (0) None.


ADOPTION OF SENATE AMENDMENT 1 RECOMMENDED,
Ayes 5, Noes 0

Moved by Senator Grothman, seconded by Senator Wirch that
Senate Bill 426 be recommended for passage as amended.

Ayes: (4) Senators Coggs, Wirch, Lehman and
Grothman.

Noes: (1) Senator A. Lasee.

PASSAGE AS AMENDED RECOMMENDED, Ayes 4, Noes 1



Adam Plotkin
Committee Clerk



Vote Record Committee on Labor, Elections and Urban Affairs

Date: Wednesday, February 27, 2008

Moved by: GROTHMAN Seconded by: WIRCH

AB _____ SB 426 _____ Clearinghouse Rule _____
 AJR _____ SJR _____ Appointment _____
 AR _____ SR _____ Other _____

A/S Amdt _____
 A/S Amdt _____ to A/S Amdt _____
 A/S Sub Amdt _____
 A/S Amdt _____ to A/S Sub Amdt _____
 A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

Be recommended for:
 Passage Adoption Confirmation Concurrence Indefinite Postponement
 Introduction Rejection Tabling Nonconcurrency

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Senator Spencer Coggs, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Robert Wirch	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator John Lehman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Glenn Grothman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Alan Lasee	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Totals:	<u>4</u>	<u>1</u>	_____	_____

Vote Record

Committee on Labor, Elections and Urban Affairs

Date: Wednesday, February 27, 2008

Moved by: WIRCH Seconded by: LEHMAN

AB _____ SB 426 _____ Clearinghouse Rule _____
 AJR _____ SJR _____ Appointment _____
 AR _____ SR _____ Other _____

S Amdt 1 _____

A/S Amdt _____ to A/S Amdt _____

A/S Sub Amdt _____

A/S Amdt _____ to A/S Sub Amdt _____

A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

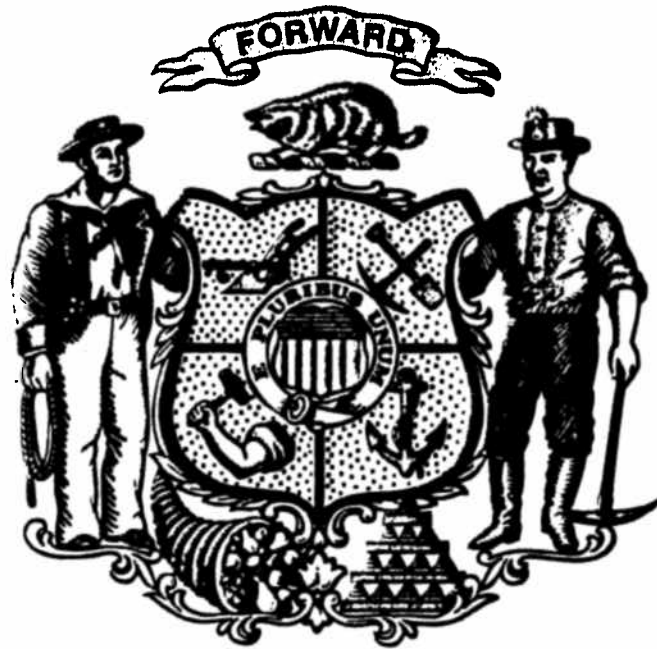
Be recommended for:

- Passage Adoption Confirmation Concurrence Indefinite Postponement
 Introduction Rejection Tabling Nonconcurrence

Committee Member	Aye	No	Absent	Not Voting
Senator Spencer Coggs, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Robert Wirch	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator John Lehman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Glenn Grothman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Alan Lasee	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Totals:	<u>5</u>	<u>0</u>	_____	_____

Motion Carried

Motion Failed



Plotkin, Adam

From: Soika, Michael [msoika@ymcamke.org]
Sent: Thursday, February 14, 2008 2:09 PM
To: Plotkin, Adam
Subject: SB 426 Background Info
Attachments: HseAffStudy-Feb08.pdf

Packet

Dear Adam: I am one of the founders of the Milwaukee Housing Trust Fund coalition and a sitting member of the Milwaukee Housing Trust Fund Advisory Board (the board advising on how to spend city housing trust fund dollars in Milwaukee).

I plan on attending the 2/20 – 2 pm hearing to support SB 426. I will testify on:

1. Attached study (released today) on the status of affordable housing in Milwaukee
2. The Housing Trust Fund Coalition experience in Milwaukee
3. Economic benefits to local government & local economy from investment in affordable housing. For example, the recent award of Housing Trust Fund dollars in Milwaukee showed that for each \$1.00 of HTF invested, the projects leveraged an additional \$18.00 in private sector dollars.

If you or Senator Coggs has any questions, please feel free to give me a call at the below #s.

Best,

Michael Soika, Executive Administrator
YMCA-Urban Campus
1350 W. North Avenue
Milwaukee, WI 53205
(414) 274-0749
MSoika@ymcamke.org
www.ymcacdc.org

"The winds of grace are always blowing. All you need do is raise your sails." -- Rabindranath Tagore

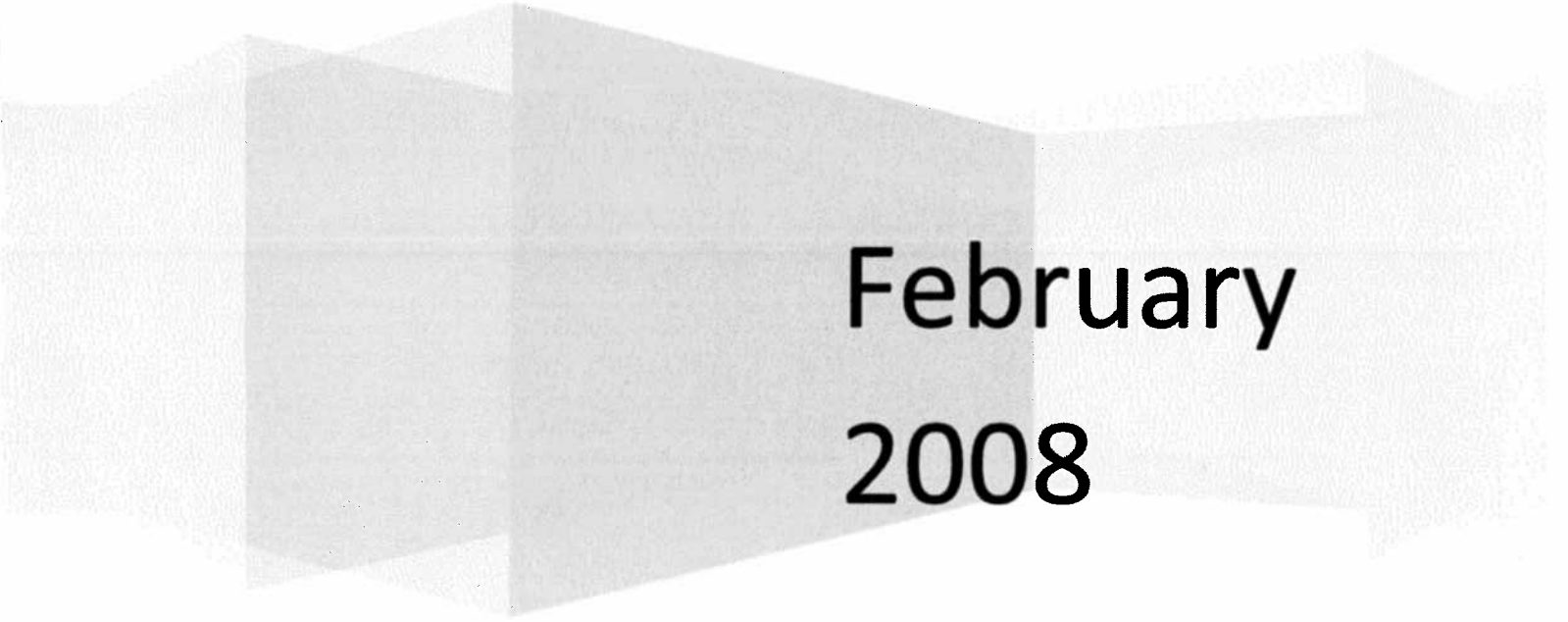
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Milwaukee Housing Trust Fund Coalition

Status of Affordable Housing in Milwaukee

Housing Insecurity Rises Dramatically since 2000

Contact: Michael J. Soika (414) 274-0749



**February
2008**

Housing Insecurity has Increased Dramatically in Milwaukee since 2000

- Of Major Midwest cities, only Detroit has witnessed a more severe decline in housing affordability than Milwaukee.
- Since 2000, we have seen a 48% increase in the number of renters spending greater than 50% of income on housing
- The number of renters who receive Public Assistance and who live in housing that is affordable plummeted from 38% in 2000 to only 20% in 2006 – a 47% decrease.
- There are 33,906 Milwaukee County households receiving SSI with an average monthly income of \$648/month
- Milwaukee County SSI recipients can only afford rent of \$181/month. Fair Market Rent for a zero bedroom apartment is \$510/month
- The City of Milwaukee manages 9,575 Public Housing units and Section 8 Vouchers units
- The number of households on the waiting list for Public Housing or Section 8 Vouchers is 4,250
- The average amount of time the Housing Authority waiting lists remain closed is 24 months
- Sheriff sale foreclosures have increased by 326% between 2004 and 2007
- In 2004, there were 658 foreclosure sales. By 2007 that number had grown to an estimated 2800.
- Neighborhoods where large portions of the population spend more than 30% of income on housing are principally the same neighborhoods where the predominant population is non-white.

Housing Insecurity in Milwaukee County

Executive Summary

By nearly any measure, the availability of affordable housing in Milwaukee has eroded since 2000, as evidenced by a series of studies that have been released recently.

The UWM study, **Milwaukee's Housing Crisis: Housing Affordability and Mortgage Lending Practices** shows that the housing burden faced by the city's low income residents has significantly deteriorated. And, just as discouraging is the fact that the loss of affordable housing here is worse than all major Midwest cities other than Detroit.

The National Low Income Housing Coalition annual report – **Out of Reach 2006** shows that no one living in Milwaukee and earning minimum wage can afford to rent a two bedroom home.

How individuals with disabilities are struggling under the burden of housing affordability is documented in the national study, **Priced Out in 2006; the Housing Crisis for People with Disabilities**. Data in this report shows that an SSI recipient in Milwaukee County will pay nearly 89% of their total income on housing related costs. And, there are 33,900 households receiving SSI benefits in Milwaukee County.

The **Milwaukee County Clerk of Courts** data shows that Sheriff Sale of Foreclosures has risen significantly since 2004. And, according to the **Milwaukee Journal Sentinel**, that number had reached an estimated 2,800 foreclosure sales by the end of 2007.

The City of Milwaukee Housing Authority staff report that the waiting list for entry into family public housing is usually twenty-four months long.

When comparing **Demographic Maps compiled by the Nonprofit Center of Milwaukee** it becomes evident that the neighborhoods where large portions of the population spend more than 30% of income on housing are principally the same neighborhoods where the predominant population is non-white.

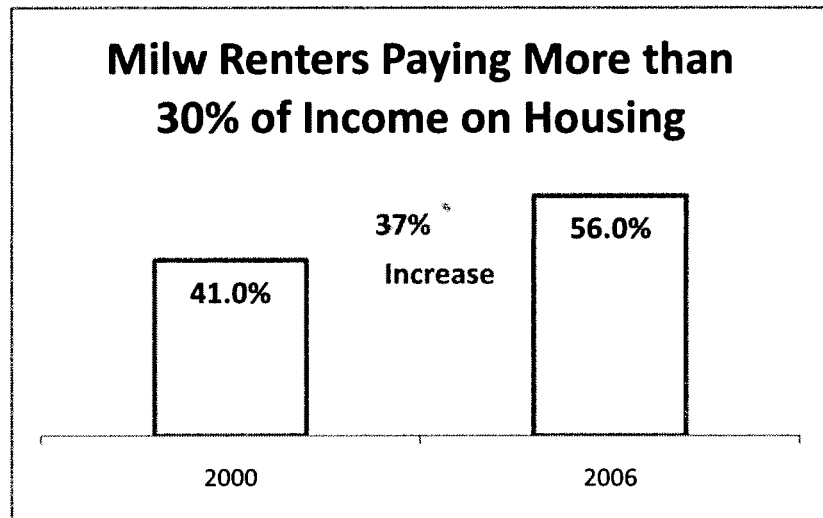
These are also the same neighborhoods with the largest concentration of high cost purchase & refinance loans.

Milwaukee Renters Paying More for Housing

Milwaukee renters spent dramatically more on housing in 2006 than in 2000, according to a new study by the UWM Employment & Training Institute entitled **Milwaukee's Housing Crisis: Housing Affordability and Mortgage Lending Practices** written by John Pawasarat .

The following charts are composed from data published in the UWM Housing Crisis study.

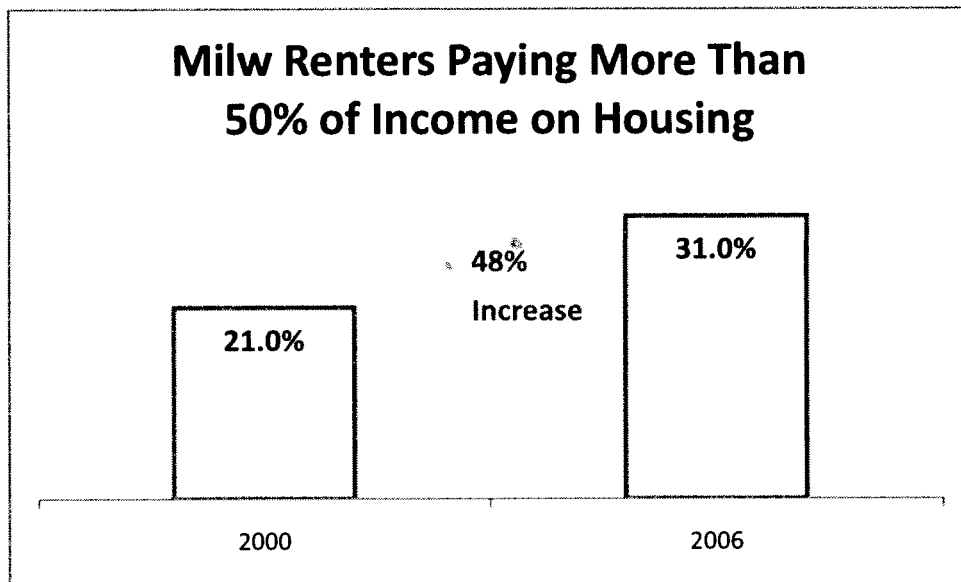
The number of renters spending more on housing than recommended by the federal government¹ has risen by 37% between 2000 and 2006. In 2000, 41% of renters lived in unaffordable housing. BY 2006 that number had risen to 56%.



"I am a senior working with a salary range just above poverty level. I have recently been told the owner of the property where I live will be selling and I have to move. The rent they are asking to live in a safe area is not affordable on the salary I make. ." Bobbie L.

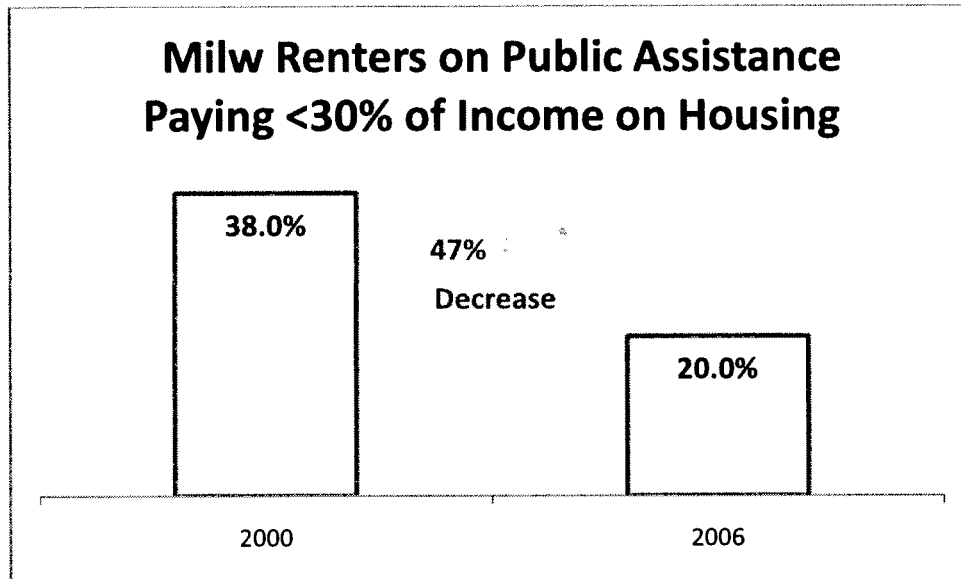
¹ The US Department of Housing & Urban Development standard for affordable housing is that no more than 30% of household income should be spent on housing related costs.

Even more telling is the number of Milwaukee renters who are spending more than fifty percent (50%) of their income on housing. Since 2000, the number of Milwaukee renters spending greater than 50% of income on housing has increased by 48%, rising from 21% of renters in 2000 to 31% of all renters paying more than 50% of income on housing in 2006.



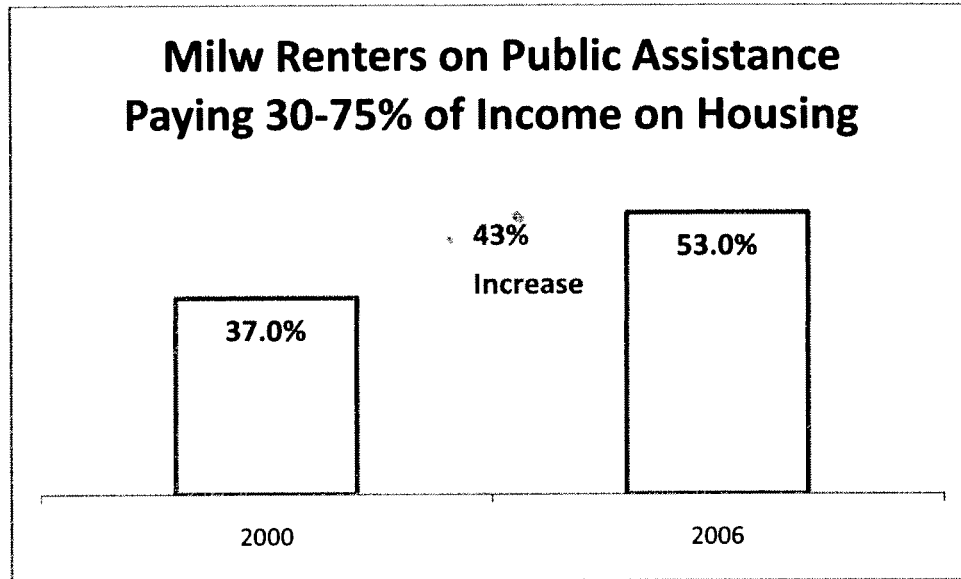
“When shopping for an apartment the cheapest one I could find cost 70% of my take home pay. Before long I missed a week of work and found myself getting evicted because I simply couldn’t afford the pay rent. This was the cheapest I could find and there are many people worse off than me.” Tom S.

Unfortunately, the renters who are hardest hit are those who are receiving Public Assistance. The number of Milwaukee renters receiving public assistance and who are paying less than the federally recommended amount of income on housing has declined dramatically. Since the year 2000, the number of renters paying 30% or less of income for housing has decreased by 47%, slipping from 38% in 2000 to only 20% in 2006.



“When you are on W-2 it is hard to get good housing. I have good credit and receive W-2 and I can't get affordable housing because it's not in my price range ... I have to think about my bills.”
Deandra P.

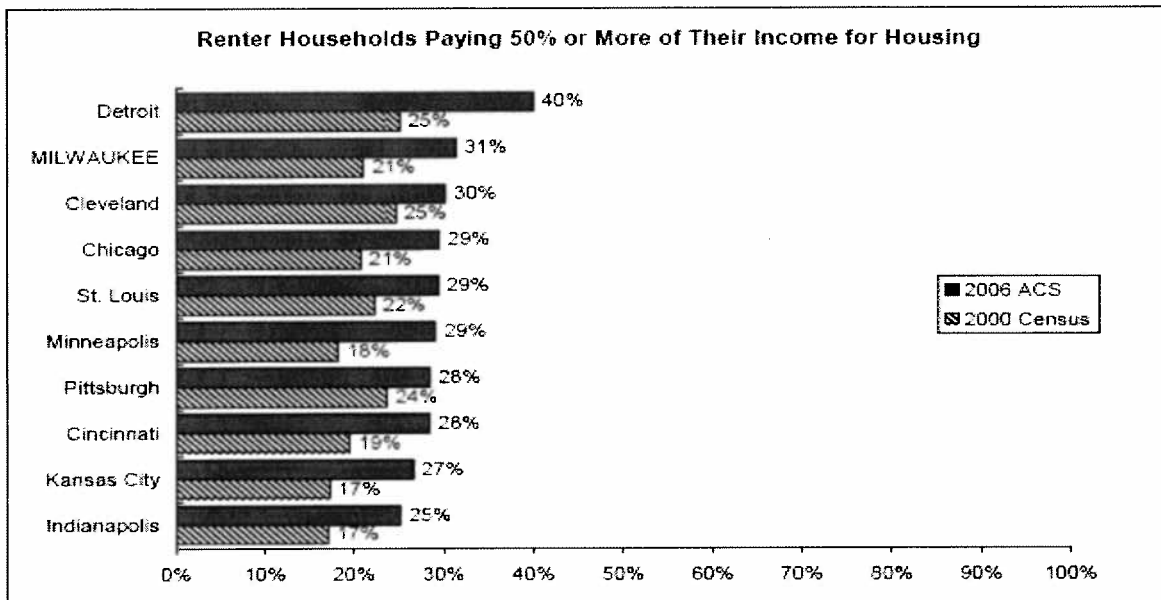
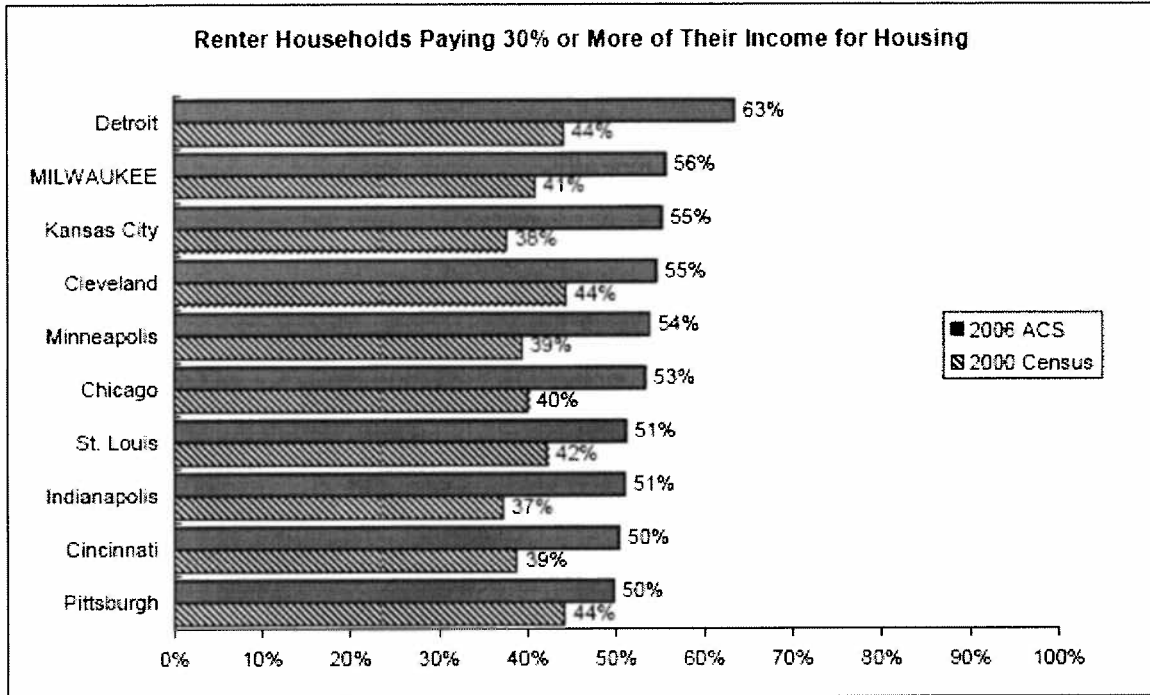
A substantial number of Milwaukee Renters receiving public assistance are paying considerably more of their income on housing in 2006 than in years past. Since 2000, the number of renters receiving public assistance and paying 30% to 75% of income on housing has increased by 43%.



"I have been looking for housing for 6 months. I am on fixed income of \$576 a month. I'm not homeless but I'm on the brink of being homeless. I have applied for public housing but have heard nothing from them yet. "

Arthur M.

This trend showing more Milwaukee households spending increasing amounts of dollars for housing is mirrored nationally. Unfortunately, of the major Midwest cities compared in the UWM Housing Crisis study, only Detroit has a worse record than Milwaukee, as evidenced in the next two charts.



Fair Market Rent (1)

- 178,961 – Renter Households in Milwaukee County
- \$13.47 – Estimated Mean Hourly Wage for Milwaukee Renters
- \$701 – Rent Affordable at Mean Hourly Wage
- \$6.50 – Hourly Minimum Wage
- Zero – Number of Milwaukee Renters earning minimum wage who can afford to rent a 2 bedroom home.

(1) All FMR data derived from the National Low Income Housing Coalition, 2006 Out of Reach study.

Supplemental Security Income (SSI)

- 33,906 - Total Number of Supplemental Security Income Recipients in Milwaukee County
- \$648.78 – Average monthly SSI Payment in Milwaukee County
- \$181.00 Per Month – Maximum monthly rent affordable for a household receiving only SSI income in Milwaukee County
- 88.5% - Amount of monthly income an SSI recipient pays for housing expenses in Milwaukee County

Fair Market Rent – According to the U.S. Department of Housing & Urban Development, the following chart shows what an affordable rent should be for the Milwaukee Metro Area.

2007 Fair Market Rent (FMR)

Zero-Bedroom	\$510
One-Bedroom	\$608
Two-Bedroom	\$726
Three-Bedroom	\$915
Four-Bedroom	\$942

Annual Income Needed to Afford FMR

Zero-Bedroom	\$20,400
One-Bedroom	\$24,320
Two-Bedroom	\$29,040
Three-Bedroom	\$36,600
Four-Bedroom	\$37,680

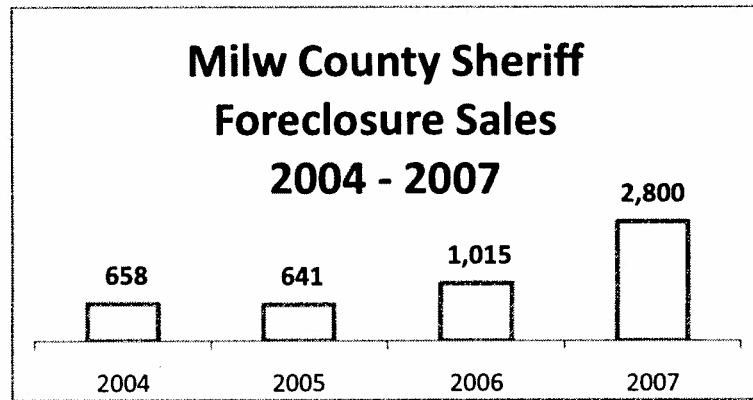
Supplemental Security Income - While housing insecurity is increasing for all Milwaukee renters, those who are significantly at risk are the households who have Supplemental Security Income (SSI) as their primary income source. According to data from the U.S. Social Security Administration, Office of Policy Data, there are 33,906 households in Milwaukee County receiving SSI benefits. The average SSI payment per recipient in Milwaukee County is \$647.78 per month or 17.4% of the Area Median Income. According to the National Low Income Housing Coalition, a person receiving only SSI benefits in Milwaukee County would need to pay not more than \$181.00 per month in rent in order to meet the HUD guidelines for housing affordability.

According to the National study, Priced Out in 2006, SSI recipients in Milwaukee County spend 88.5% of their income on housing related expenses.

Milwaukee County Foreclosures

- Sheriff sale foreclosures have increased by 326% between 2004 and 2007 (estimated)
- In 2004, there were 658 foreclosure sales. By 2007 that number had grown to an estimated 2,800 according to a January 21, 2008 Journal Sentinel Article on Foreclosures.

Foreclosures in Milwaukee County -According to the Milwaukee County Clerk of Courts and a Milwaukee Journal Sentinel report, there has been a substantial increase in the number of foreclosure sheriff sales in Milwaukee County.



Public Housing & Waiting Lists

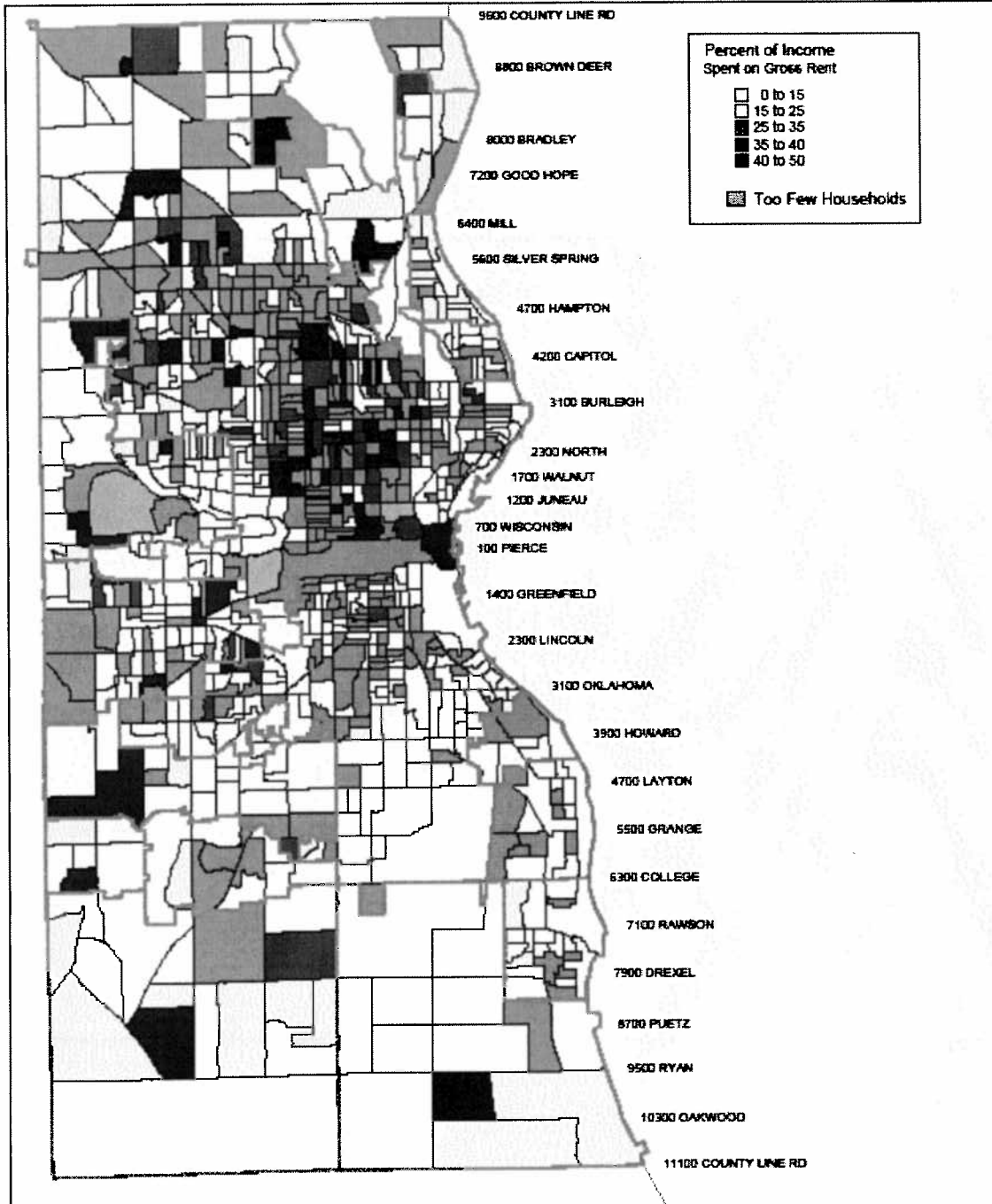
- 9,575 – Public Housing units and Section 8 Vouchers managed by the Milwaukee Housing Authority
- 4,250 – number of households on the waiting list for Public Housing or Section 8 Vouchers
- 24 Months – average amount of time the waiting lists remain closed

Public Housing & Waiting Lists - The largest provider of affordable housing in the City of Milwaukee is the Housing Authority (HACM). As evidenced in the below charts, the Housing Authority manages nine thousand five hundred and seventy-five affordable housing units with over four thousand households on the waiting list. HACM officials report that the waiting list usually remains closed for approximately two years. For example, the Public Housing waiting list was opened for the months of August 2006 through January 31, 2007. Prior to this period, the last time the waiting list for public housing was open was in September 2004.

Housing Authority	Total Units	Waiting List	Waiting List Status
City of Milwaukee - 2007			
City Section 8 Vouchers	5,575	500	Closed May 2006
City Public Housing - Family Units	2,000	1,950	Closed as of January 31, 2007
Units for Elderly or People with Disabilities	2,000	1,800	Always Open
Total Sec 8 and Public Housing	9,575	4,250	

Lack of Affordable Housing Affects Primarily Minority Communities - As shown in the following maps prepared by the Nonprofit Center of Milwaukee, the neighborhoods where large portions of the population are paying more than 30% of income on housing are principally the same areas where the population is predominantly non-white.

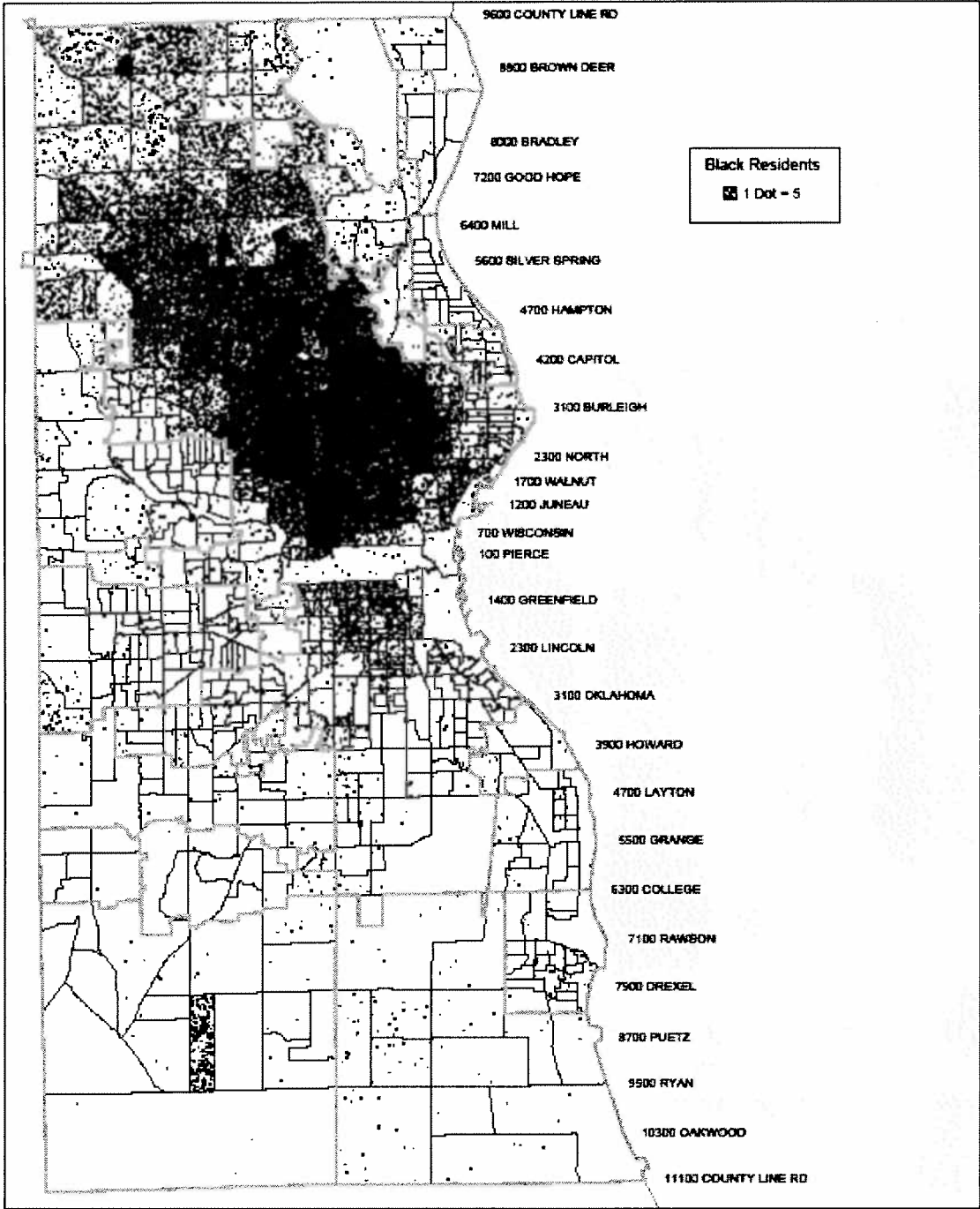
**Percent Income Spent on Gross Rent
Milwaukee County**



Source: U.S. Census 2000, SF3, Table H63

NonProfit Center of Milwaukee - 2004

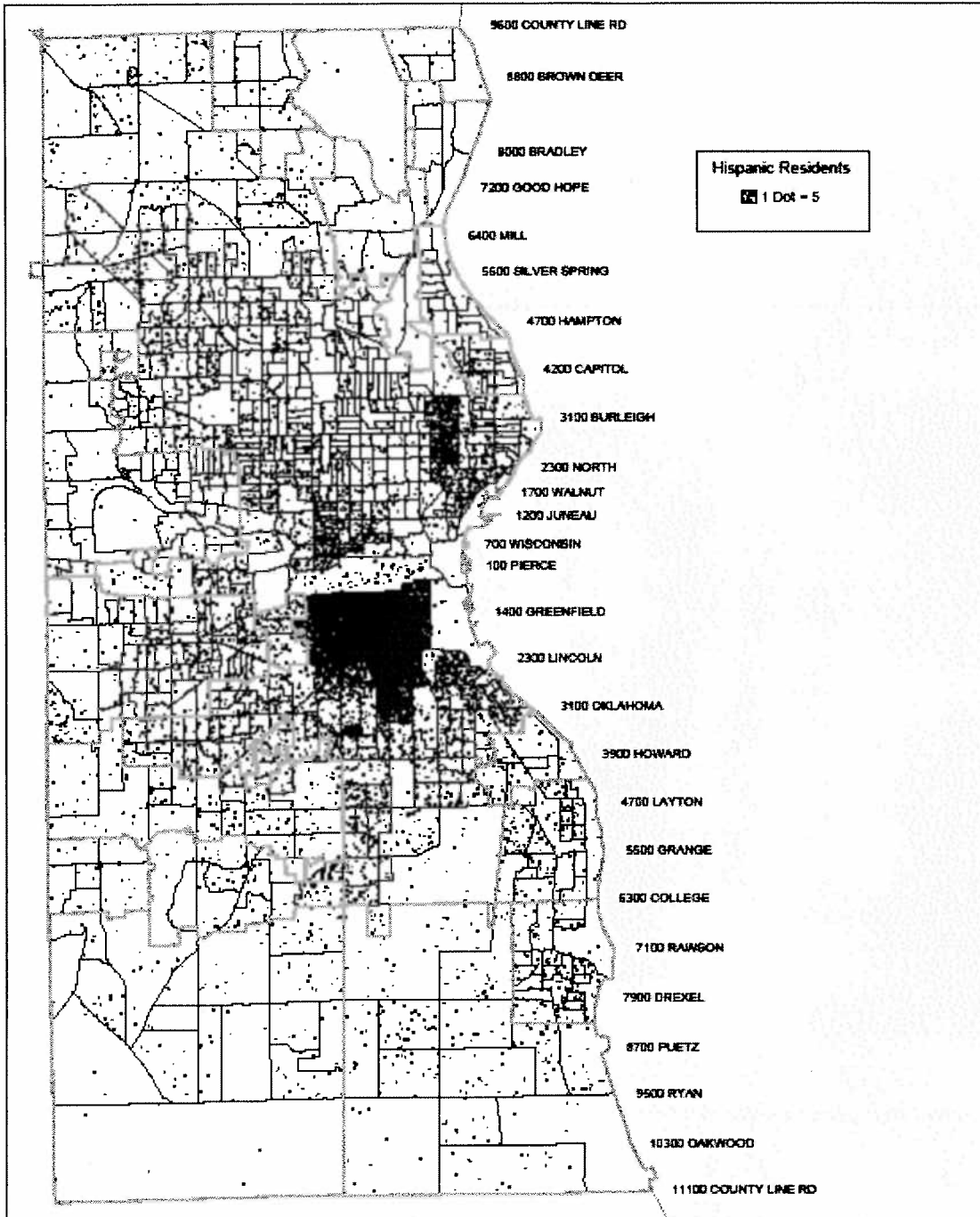
Number of Black Residents Milwaukee County



Source: U.S. Census 2000, SF3, Table P004

NonProfit Center of Milwaukee - 2004

Number of Hispanic Residents Milwaukee County

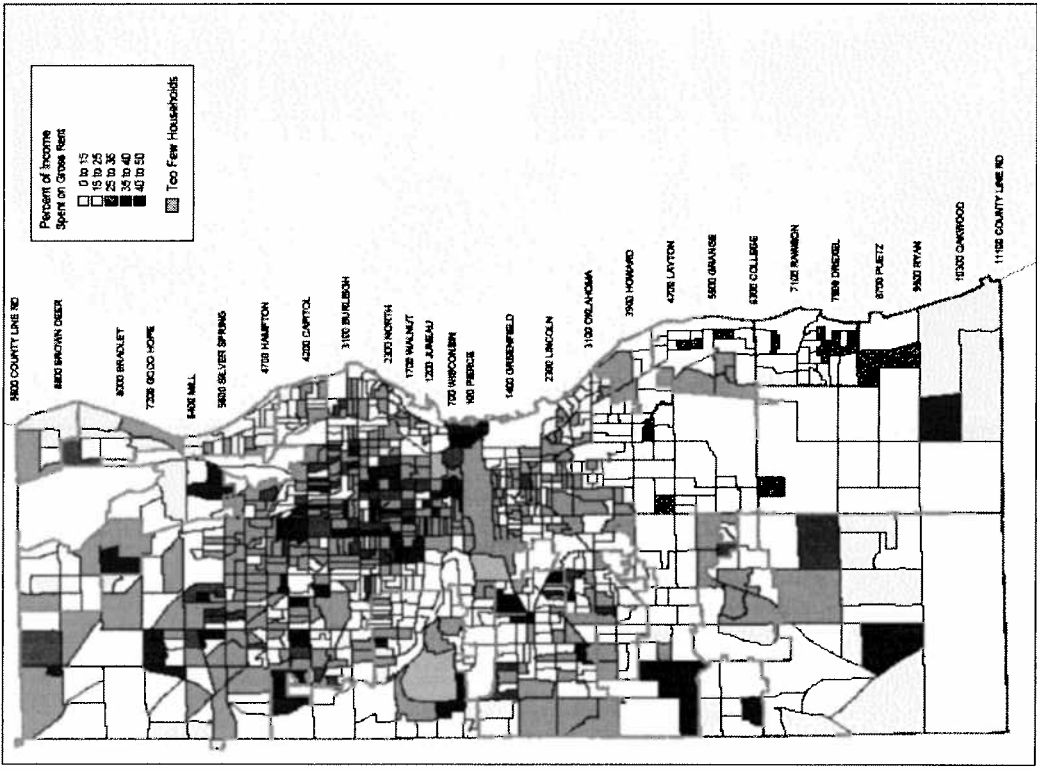


Source: U.S. Census 2000, SF3, Table P004

Metropolitan Center of Milwaukee - 2004

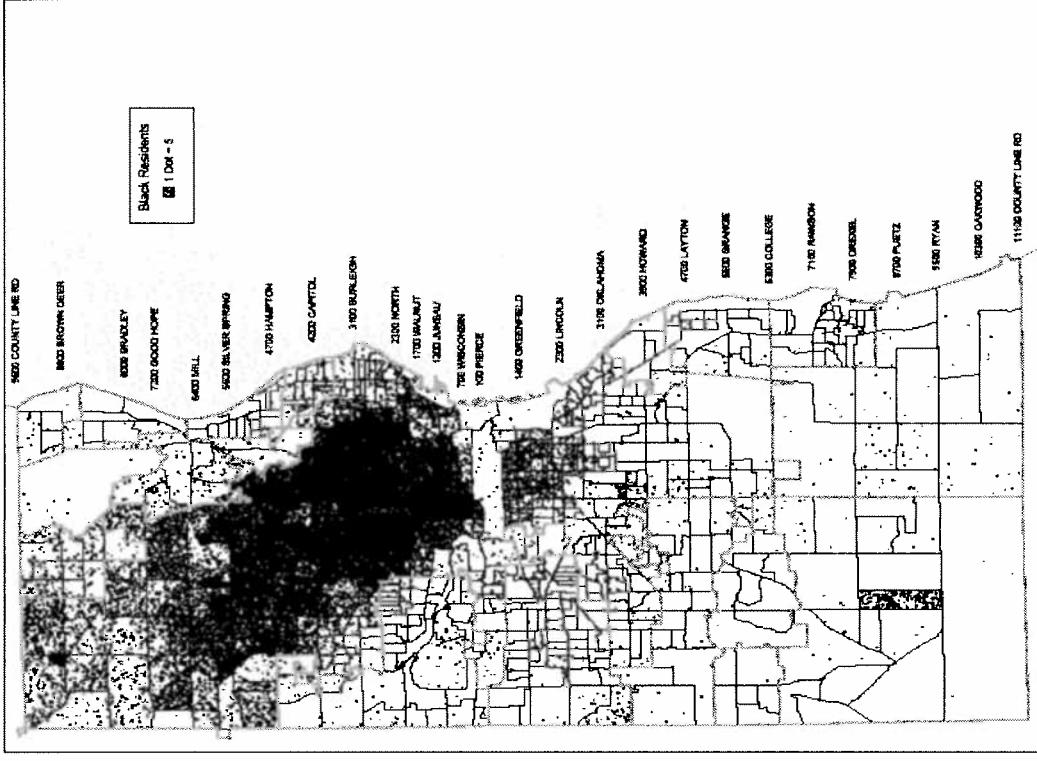
Minority Areas Hardest Hit by Housing Insecurity

Percent Income Spent on Gross Rent
Milwaukee County



Source: U.S. Census 2000, B2, Table H62
Northwest Center of Milwaukee - 2001

Number of Black Residents
Milwaukee County

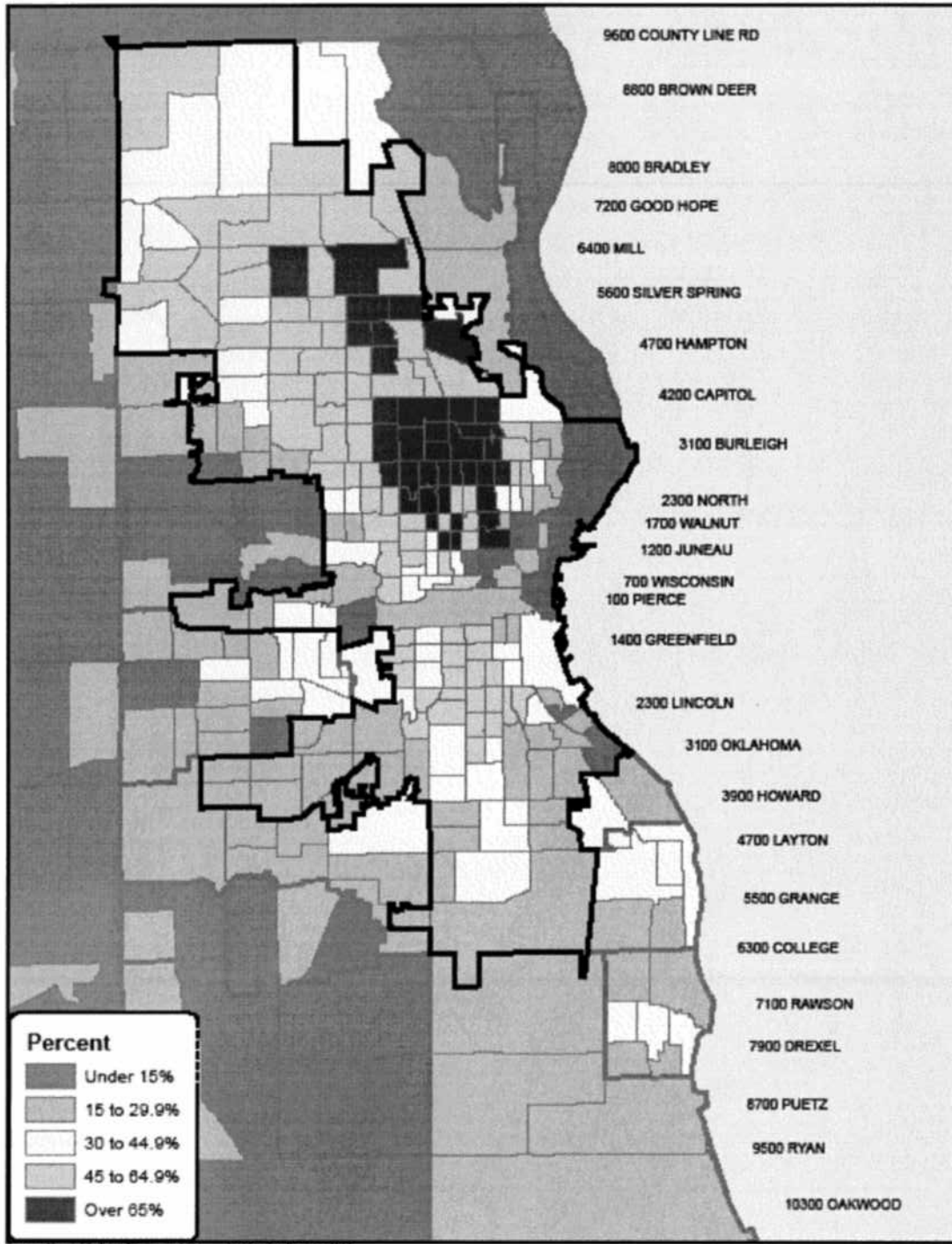


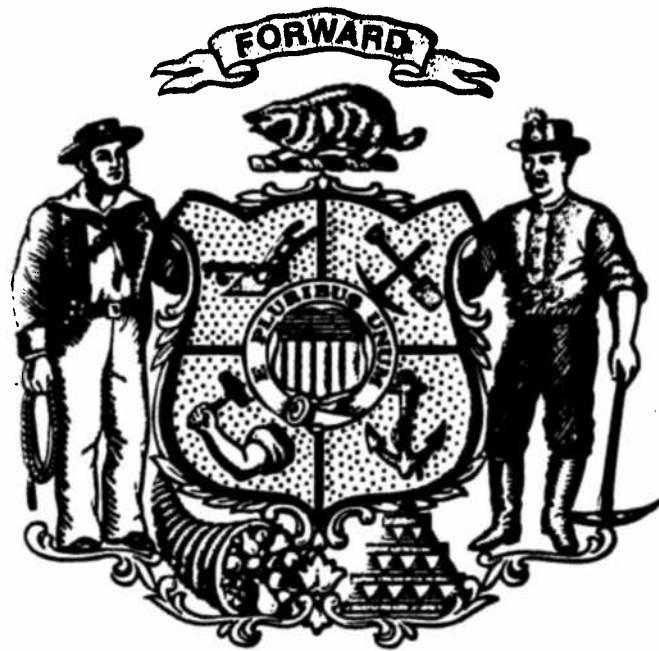
Source: U.S. Census 2000, B2, Table H02
Northwest Center of Milwaukee - 2001

Minority Communities Are Also Hit Hardest by High Cost

Purchase & Refinance Loans – When comparing the below map from the Non Profit Center, with the previous maps showing predominantly minority neighborhoods, we see that those neighborhoods experiencing the highest concentration of high cost loans are also the communities with the largest percentage of minority residents.

Milwaukee County - High Cost Purchase and Refinance Loans 2005





Plotkin, Adam

From: Ziegler, Paul D - DOR [paul.ziegler@revenue.wi.gov]
Sent: Monday, February 18, 2008 4:15 PM
To: Sen.Coggs
Subject: Technical memo re: SB 426 -- TIF extension for housing
Attachments: techmemo.doc

Senator Coggs -- DOR has submitted the attached technical memo re: SB 426 to the LRB.
I hope this information is helpful.

<<techmemo.doc>>

Paul Ziegler, Team Leader
Sales and Property Tax Policy Team
Division of Research and Policy
Wisconsin Department of Revenue
2135 Rimrock Road - 6-73
Madison, WI 53708-8933
608-266-5773
fax 608-261-6240

MEMORANDUM

February 15, 2008

TO: Marc E. Shovers
Legislative Reference Bureau

FROM: Paul Ziegler
Department of Revenue

SUBJECT: Technical Memorandum on 2007 SB 426 Authorizing a City or Village to Extend the Life of a Tax Incremental District for One Year to Benefit Housing in the City or Village

We have the following concerns about the bill.

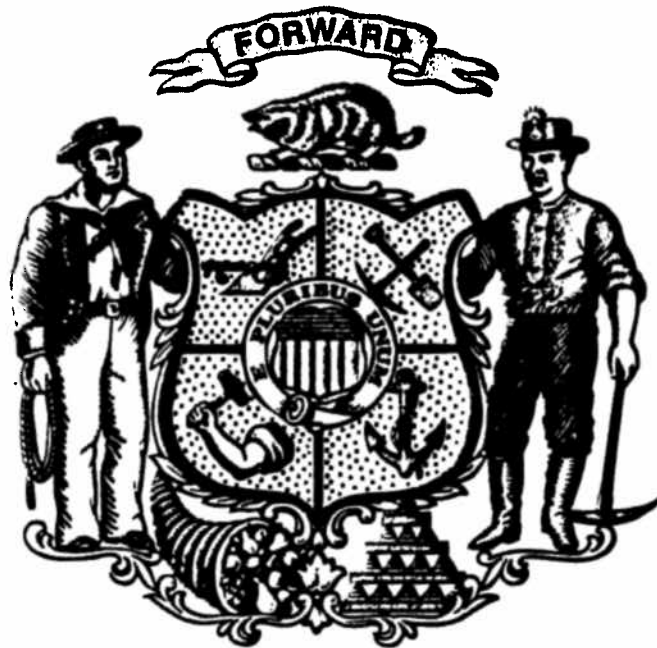
To be consistent with the current tax incremental district (TID) year, an effective date of October 1, 2008 could be considered.

Regarding how the additional incremental tax levies can be used, the bill does not define what constitutes "affordable housing". There is also no definition concerning what spending would qualify as used to "improve the city's housing stock".

The bill directs that up to 75% of the additional tax increment may be used to benefit affordable housing in the city, with the remainder to be used to "improve the city's housing stock". Thus, a municipality could choose to use 0% of the additional incremental levy to benefit affordable housing. Is this consistent with the intent of the sponsors?

If you have any questions regarding this technical memorandum, please contact Daniel Huegel at 266-5705.

cc: Senator G. Spencer Coggs



MEMORANDUM

To: Ald. Michael Murphy
From: Jeff Osterman, Legislative Reference Bureau
Date: February 19, 2008
Subject: POSSIBLE ENHANCEMENTS TO 2007 SENATE BILL 426

+++++

Proposed 2007 Wisconsin Senate Bill 426 (Assembly Bill 752) would allow a city to extend the life of a tax incremental district ("TID") for one year after all of the TID's project costs have been paid if the city follows certain procedures and if the additional tax increments are used as follows:

"If a city receives tax increments as described in subd. 2, the city may use up to 75 percent of the increments received to benefit affordable housing in the city. The remaining portion of the increments shall be used by the city to improve the city's housing stock." (proposed s. 66.1105(6)(g)(3), Wis. Stats.)

Based on the February 11, 2008, memorandum from Paul Ziegler of the Wisconsin Department of Revenue to Marc Shovers of the Wisconsin Legislative Reference Bureau, as well as a review of the purpose and structure of the City of Milwaukee's Housing Trust Fund, it appears that Senate Bill 426 could be enhanced with the following revisions:

1. Addition of an effective date of October 1, 2008. This would make the provisions of the bill consistent with the current TID year.
2. Revision of the title and analysis to read that the proposed legislation applies only to cities, not to cities and villages.
3. Rewording of proposed s. 66.1105(6)(g)(3) to read as follows (or something similar):

"3. If a city receives tax increments as described in subd. 2, the city shall use at least 75 percent of the increments received to fund a local housing trust fund that provides financial support to developers and governmental entities to acquire, construct, rehabilitate or modify affordable and accessible housing for low-income households, including homeless persons and low-income renters and homeowners, and to finance support services that assist low-income households in obtaining and maintaining affordable housing. Local housing trust fund monies may be used to support affordable housing initiatives both within and outside the district. The remainder of the tax increments, 25 percent or less, shall be used to fund initiatives to improve the city's housing stock other than the local housing trust fund. These initiatives may support the improvement of either affordable or market-rate housing and may fund improvements both within and outside the district."





State of Wisconsin • DEPARTMENT OF REVENUE

2135 RIMROCK RD. • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8933
PHONE (608) 266-6466 • FAX (608) 266-5718 • <http://www.revenue.wi.gov>

Jim Doyle
Governor

Roger M. Ervin
Secretary of Revenue

Senate Committee on Labor, Elections, and Urban Affairs Hearing, February 20, 2008

2007 SB 426 – Authorizing a City or Village to Extend the Life of a Tax Incremental District for One Year to Benefit Housing (Senator Coggs)

Description of Current Law and Proposed Change

Under current law, when a TIF district is created, the equalized value of the taxable property in the district is set as the "base value". Over time, as the TIF district develops, the equalized value of the district will change. To the extent that the current value is greater than the "base value," the positive difference is referred to as the "value increment." The property taxes levied by all local taxing jurisdictions (municipality, county, school district, technical college, and special districts) on the "value increment" are retained by the municipality. These funds are used to repay the costs of developing the TIF district. Once the TIF district development costs are repaid, the municipality terminates the TIF district. In general, depending on the type of TIF district and the date of creation, the maximum number of years over which a municipality is permitted to collect incremental levies may not exceed 20, 23, or 27 years.

TIF expenditures must generally occur within TIF district boundaries. An exception exists, however, for blighted areas in Kenosha where expenditures may be made within a one-half mile radius of a district.

Under the bill, a municipality would be permitted to collect tax increments for an additional year if the municipality adopts a resolution to extend the life of the district for a specified number of months and the municipality forwards a copy of the resolution to the Department of Revenue (DOR). The municipality may use up to 75% of the additional tax increments to benefit affordable housing in the city. Any funds not used to benefit affordable housing must be used to improve the municipality's housing stock.

Fairness/Tax Equity

- Special legislation has been used in the past to permit actions that would otherwise not be allowed under the general laws for tax incremental finance districts.
- Although the proposal provides that up to 75% of the additional TIF incremental levies may be used to benefit affordable housing, it is conceivable that a municipality could allocate none of the additional TIF incremental levies to affordable housing since no minimum percentage is specified for this purpose.
- In order for a municipality to create a TIF district, it must get approval from a Board of Review consisting of a member from the municipality and members from the other taxation units whose levies will be affected, such as the county, the school district, and the technical

college district. It may be unfair for the overlying taxing entities to forgo an additional year's of revenue from the incremental value without giving them the opportunity to approve the extension of the TIF district's life.

- TIF incremental levies are generally devoted to the repayment of municipal project costs that were needed for certain economic development to occur. For the most part, these costs are incurred within the boundaries of TIF districts. The bill would permit TIF incremental levies to be used for non-TIF costs outside of TIF district boundaries.
- The bill would allow TIF incremental levies to be used anywhere within the municipality. Since there is no requirement that the boundaries of the overlying jurisdictions match the boundaries of a municipality using the authority provided by the bill, taxpayers outside of the municipality may effectively pay a portion of the housing related expenditures of the municipality.

Impact on Economic Development

- The bill would provide municipalities with a means of raising additional funds for affordable housing and improvement of housing within its borders.

Administrative Impact/Fiscal Effect

- The amount of money available for housing under the bill would vary considerably from year to year, depending on the number of TIF districts that close and the incremental value of those districts. In addition, only those municipalities which close a TIF would be able to generate the additional incremental levies permitted under the bill. Over the past 3 years, if every municipality that closed a TIF district had chosen to extend the TIF for another year, the additional incremental levy that could have been collected would have varied from \$6.9 million to \$14.8 million. To the extent that a municipality chooses to exercise the option created under the bill, tax rates of all local overlying taxing jurisdictions would be higher than under current law.
- If the bill defined the term "affordable housing," the bill may be more likely to ensure that additional resources for housing are targeted as intended.
- The Department of Revenue's administrative costs under the bill are expected to be absorbed within existing budget authority.
- Special exceptions tend to complicate the statutes and the administration of TIF laws.

DOR Position

- Support.

Contact: Sherrie Gates-Hendrix, (608) 267-1262



Sen. Spencer Coggs
Comments - SB 426 - Housing Trust Fund
Public Hearing – Sen. Labor, Elections and Urban Affairs Cmte.

Wednesday, Feb. 20, 2008

This proposal capitalizes on the ingenuity of tax incremental financing districts by harnessing the growth of a success redevelopment of a district to address the shortage of affordable housing in our communities.

As you know, a tax incremental financing district is set up to fund investments – roads, sewers – that are needed to stimulate economic growth in a particular area in an area.. an area usually blighted and in need of renewal.

When the area is re-developed and it generates higher property taxes, that revenue is used to pay for the roads and sewers in that district.

The Housing Trust Fund bill is another worthy use of this concept, since it extends the TIF district for only one year and puts three-quarters of that money (75 percent) towards affordable housing in that city or village.

This approach is used by cities and municipalities in all states except Hawaii and Wisconsin.

One of the key segments of developing a local economy is to provide quality, affordable housing – or so-called “workforce housing.” That is why establishing a fund to promote construction of affordable housing is so important.

It also brings the added benefit of giving the local economy a boost by providing construction jobs, which generate local retail spending and revenue to pay for government services.

According to the National Association of Home Builders, a typical 100-unit multifamily development in an average city generates 559 jobs over 10 years, \$160 million in local income over 10 years and \$26 million in local taxes and fees over 10 years.

In the larger, or “macro picture,” there are many other benefits to developing affordable homes.

As we have seen in recent years, housing has a powerful pull, causing the economy to ride high when housing is healthy. As we can now see, the lack of new housing starts has caused the economy to sputter.

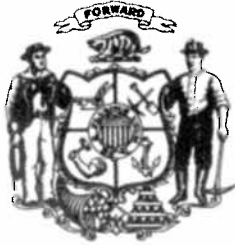
And, despite the success story of housing, many have not been able to share in the rewards of the housing boom.

- One in four households in the U.S., or more than 31 million American families, spend more on housing than the federal government considers affordable and appropriate (more than 30 percent of income).
- This burden falls disproportionately on minority households. More than three-quarters of all Caucasian American households own their homes, while less than half of African American and Hispanic American families are home owners.

- The supply of affordable housing is shrinking, according to a report by the Joint Center for Housing Studies of Harvard University.
 - It could get worse. Regulatory and natural constraints on land are driving up land costs in and around many of the nation's metropolitan areas, which restricts development of affordable housing.
- The lack of affordable housing hurts the environment. In high-growth major metropolitan areas, thousands of people commute 100 miles, round trip to their jobs and home again because of a lack of affordable housing in communities where they work.

Truly, there is no place like home for families, workers and the economy, and the Housing Trust Fund is an important first step in establishing this building block for Wisconsin.





Tamara GRIGSBY

Wisconsin State Representative
18th Assembly District

**Testimony Before the
Senate Labor, Elections, and Urban Affairs Committee
February 20, 2008
Senate Bill 426**

I want to thank Chairperson Coggs for joining me in introducing Senate Bill 426 and for scheduling it for a public hearing today.

In Milwaukee, many individuals and families cannot afford to purchase a home or secure decent rental housing. In Wisconsin, a minimum wage worker can afford monthly rent of no more than \$268. Fair market rent for a two-bedroom apartment in Milwaukee is about \$605.

There is also a crucial need for special needs housing. This includes people with chronic mental illness, developmental disabilities, homeless families, and frail and elderly people. Of the total population living below the federal poverty level in the Milwaukee Metropolitan Area, 11%, or 6,752 people, were 65 or older.

As you know, Milwaukee happens to be one of the few cities in the nation that has established a Housing Trust Fund to address the critical housing needs of low-income and special needs populations. However, the need is much greater than the financial resources available to the city. Because city revenues are often limited and strained, we propose a new funding mechanism to provide revenue for our Housing Trust Fund.

This bill is enabling legislation which would give municipalities the authority to extend the life of a Tax Incremental District (TID) for one year in order to address affordable housing issues in their communities. Milwaukee currently has 20 TID's that are scheduled to close over the next 10 years which could provide a valuable source of revenue to add to the resources the City has already pledged for this purpose.

Under this bill, up to 75% of the continuing tax increments would be made available for affordable housing, and the remaining 25% will be used to improve the quality of existing housing stock in the city. This legislation would also enable a municipality to evaluate whether to extend each TID prior to closing, creating a link between successful projects and support for affordable housing. In Milwaukee, this means that \$9 million would be made available for the affordable housing trust fund over 10 years, and \$3 million would be made available to improve the city's existing housing stock.

The concept allows successful TIF projects to support needed housing initiatives. The proposal would not reduce the increments available to finance TIF project costs.

I thank the Committee for your time and consideration of this matter. I am happy to answer any questions Committee members may have.



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CHAIR:
Finance & Personnel Committee
Milwaukee Arts Board

MEMBER:
Judiciary & Legislation Committee
Steering & Rules Committee
Zoning, Neighborhoods & Development

February 20, 2008

Honorable Members
Committee on Labor, Elections and Urban Affairs
Wisconsin State Senate
P.O. Box 7882
Madison, WI 53707

Dear Committee Members:

First, I wish to express my appreciation to Chairman Coggs and to Representative Grigsby for sponsoring this legislation.

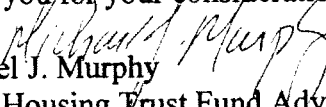
I urge your support for Senate Bill 426 and Assembly Bill 752, legislation that would allow a city to extend the life of a tax incremental district for one year after all of the district's project costs have been paid. The tax incremental revenues from the additional year could be used to support local affordable housing initiatives and improvements to the city's housing stock. The Milwaukee Common Council has already gone on record in support of this type of State legislation.

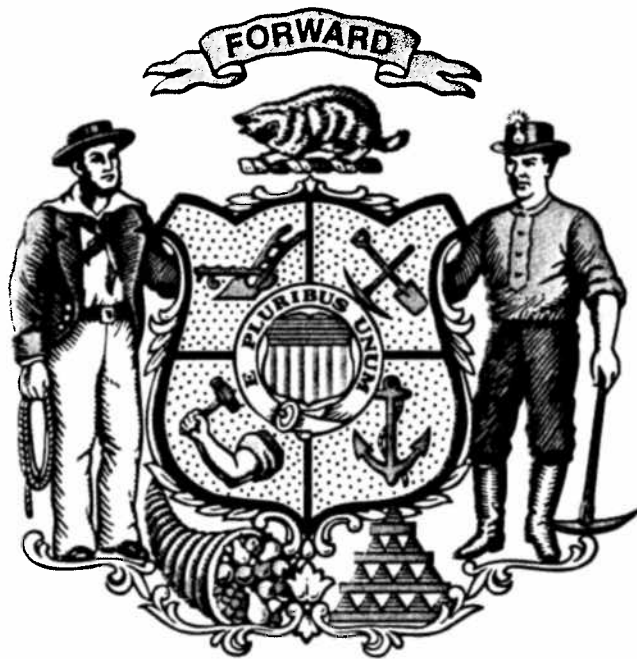
In 2006, the Milwaukee Common Council passed legislation creating the City of Milwaukee Housing Trust Fund. The purpose of the Fund is to provide financial support to developers and governmental entities in the acquisition, construction, rehabilitation and modification of affordable and accessible housing for low-income households, including homeless persons and low-income renters and homeowners, and support for services that assist low-income households in obtaining and maintaining affordable housing. Since its creation, the Housing Trust Fund has been funded by \$2.5 million in City general obligation borrowing authority (2007 Budget) and \$400,000 in City tax levy funding (2008 Budget). However, the legislation establishing the Housing Trust Fund identified "post-closure tax incremental district revenues" as one of the potential funding sources for the Fund. Passage of Senate Bill 426 would enable Milwaukee and other municipalities to use this funding source for affordable housing initiatives.

The City's Housing Trust Fund Advisory Board, which I chair, recently recommended -- and the Common Council approved -- the awarding of \$1,407,000 in Trust Fund dollars to 5 housing developers for the construction or rehabilitation of 144 affordable housing units, including housing for the homeless as well as low-income rental and owner-occupied housing. This \$1.4 million investment by the City leveraged nearly \$27 million from other funding sources.

The City of Milwaukee actually received 21 project proposals totaling over \$5.6 million in this first rounding of funding awards. Clearly, the demand for affordable housing assistance far exceeds the supply of funds. The Housing Trust Fund Advisory Board found all of these projects to be worthwhile, but limited funding meant that the Trust Fund could only support 5 projects at this time. If tax incremental district revenues could be used to fund affordable housing initiatives -- as envisioned by the sponsors of Senate Bill 426 and Assembly Bill 752 -- Milwaukee and other communities could better meet their affordable housing needs.

Thank you for your consideration in this matter.


Michael J. Murphy
Chair, Housing Trust Fund Advisory Board
10th District Alderman, City of Milwaukee



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SB 426
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American Baptist Churches of Wisconsin

Testimony from Marcus White, Executive Director
February 20, 2008

Church of God in Christ,
Wisconsin First Jurisdiction

Thank you for holding this hearing today and providing an opportunity to move forward on an important matter.

Episcopal Church,
Diocese of Milwaukee

I would like to begin by highlighting a few key reasons that illustrate why it is that we need to move aggressively to address affordable housing needs.

Evangelical Lutheran Church in America,
Greater Milwaukee Synod

Milwaukee renters spent dramatically more on housing in 2006 than in 2000, according to a new study by the UWM Employment & Training Institute entitled **Milwaukee's Housing Crisis: Housing Affordability and Mortgage Lending Practices** written by John Pawasarat .

Islamic Society of Milwaukee

Milwaukee Jewish Council for
Community Relations

- Since 2000, the number of Milwaukee renters spending greater than 50% of their income on housing has increased by 48%, rising from 21% of renters in 2000 to 31% of all renters. Again, these renters are paying more than 50% of their income for housing in 2006.
- This trend is mirrored nationally. Unfortunately, of the major Midwest cities compared in the UWM Housing Crisis study, only Detroit has a worse record than Milwaukee.

Milwaukee Jewish Federation

Presbyterian Church (USA),
Presbytery of Milwaukee

Religious Society of Friends,
The Milwaukee Meeting

According to the Milwaukee County Clerk of Courts and a Milwaukee Journal Sentinel report, there has been a substantial increase in the number of foreclosure sheriff sales in Milwaukee County.

Roman Catholic Church,
Archdiocese of Milwaukee

- Sheriff sale foreclosures have increased by 326% between 2004 and 2007 (estimated)
- In 2004, there were 658 foreclosure sales. By 2007 that number had grown to an estimated 2,800 according to a January 21, 2008 Journal Sentinel Article on Foreclosures.
- An unexpected trend that is starting to develop is new homelessness caused by foreclosure. We all might assume that this means that people become homeless when they lose their home. That may be the case but the new trend is among people who become homeless because their landlord's property was foreclosed. At the Cathedral Center, a shelter for Women and Families, we housed some twelve families in the last quarter of 2007 who had become homeless because of these. These may very well be people who were paying their rent and paying it on time. But by no fault of their own they became homeless.

Unitarian Universalist Churches,
Southeastern Wisconsin Association

United Church of Christ,
Southeastern Wisconsin Association

United Methodist Church,
Metro North & South Districts

Wisconsin Council of Rabbis

Wisconsin General Baptist
State Convention

"To uphold the dignity of every person and the solidarity of the human community"

- General homelessness has not abated in the last couple years. Shelters remain full most of the time. While there have been new and very successful efforts to place people in permanent housing, there is still tremendous need. At Cathedral Center we regularly house several hundred single women and several hundred children each year.
- HUD has estimated that Milwaukee needs some 28,000 additional units of affordable housing (2005).

We are very concerned about the instability that homelessness creates and the instability that arises when families must move from place to place to try to afford housing. If we believe that parents should maintain steady employment and that children should focus on their education, then it is essential that families have as much stability as possible. Safe, decent, affordable housing is central to that stability.

Now for some good news: The first round of City of Milwaukee Housing Trust Fund allocations were recently signed by Mayor Barrett.

- \$1.4 million to fund 5 housing development projects
- \$26.7 million of leveraged funds (this is an astounding 19 to 1 ratio)
- 142 units of new affordable housing
- Hundreds of new jobs (159 construction, 67 each year after)
- Millions of dollars into local economy (\$7.4 million)

The Milwaukee Housing Trust Fund has demonstrated that local efforts to support the development of new affordable housing can be very successful. The city was amazed at the number of applications that were received for this initial wave of allocations.

We support this legislation because we believe it is a very effective way to encourage local government to find creative and new ways to meet affordable housing needs. This has no fiscal impact on the state and is a decision that is left to local elected officials. We certainly hope that many local entities would take advantage of this opportunity and begin to find new ways to encourage the development of affordable housing. The jobs that are created through construction, the jobs created after the housing is built, and the addition of affordable housing units to the local market are all positives that will come from the adoption of this legislation.