



Alberta Darling
Wisconsin State Senator · District 8

Testimony before the Senate Committee on Housing, Commerce, and Trade
Senate Bill 533

Thank you Chair Jagler and committee members for taking the time to hear Senate Bill 533. Communities across Wisconsin need access to high quality, low-income housing. Senate Bill 533 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. Senate Bill 533 allows a housing authority to acquire, construct, and 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. Senate Bill 533 provides housing authorities with the flexibility they need 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.

Senate Bill 533 will provide additional housing and employment opportunities for low-income constituents. I hope to count on your support.

Mike Kuglitsch

STATE REPRESENTATIVE • 84TH ASSEMBLY DISTRICT

DATE: September 8, 2021
RE: **Testimony for 2021 Senate Bill 533**
TO: Senate Committee on Housing, Commerce and Trade
FROM: Representative Mike Kuglitsch
SUBJECT: Changes to Housing Authorities

Thank you Mr. Chair and Members of the Committee for your consideration of Senate Bill 533, which makes changes to the administration of Housing Authorities in Wisconsin.

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.

Senate Bill 533 authorizes public housing authorities (PHAs) to use mixed-income/mixed-use developments that serve persons of low income but also mix market-rate tenants within the same project. Housing authorities 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.

These 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 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. Senate Bill 533 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.

I believe if Wisconsin implements the mixed-use/mixed-income strategy across the state, local communities can invest housing funds in more economically viable long-term projects that provide quality housing for the 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.



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Intergovernmental Relations Division

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Mayor

Sharon Robinson
Director of Administration

Kimberly Montgomery
Director of Intergovernmental Relations

City of Milwaukee Testimony on SB 533, Relating to: housing authorities.

Chairman Jagler and members of the Senate Committee on Housing, Commerce and Trade, my name is Jim Bohl, and I am with the Intergovernmental Relations Division of the City of Milwaukee (City). I am grateful for the opportunity to testify today in support of SB 533, and wish to extend the City's appreciation to co-authors Sen. Darling and Rep. Kuglitsch, along with the bi-partisan list of co-sponsors on this bill.

SB 533 will allow public housing authorities (PHAs) the ability to acquire, construct and operate mixed-use developments or transfer properties into mixed-use or mixed-income developments primarily to provide lower-income persons or persons with moderate incomes with housing, commercial and neighborhood amenities, and support services. This change will allow space for neighborhood amenities and on-site case management services to residents in housing developments, increasing the likelihood for successful placement into permanent housing, and is necessary to allow rental consistency for upwardly mobile residents of PHA units, if desired.

The mixed-use, mixed-income component to this bill has one more important benefit -- it will assist PHA flexibility with utilizing HUD's Rental Assistance Demonstration conversion program. The RAD program provides PHAs the ability to convert existing residential housing contracts to finance long-delayed maintenance and housing improvements of obsolete and aging public housing structures. The allowance of mixed-use housing by PHAs will increase the threshold for obtaining qualified bids for RAD projects and increase the likelihood of more projects being completed.

Lastly, SB 533 will grant much needed flexibility and convenience for PHAs around purchasing orders. By changing the long stagnant state bidding threshold from \$25,000 to \$50,000, undue time constraints on smaller purchases can be avoided, reducing the prospects for escalating material costs and allowing greater likelihood of projects meeting rigid deadlines.

Again, the City is appreciative of Sen. Darling and Rep. Kuglitsch for their leadership on this bill. Thank you for the time afforded me this afternoon. I stand ready to answer any questions you may have.

Good Afternoon Senators.

My name is _____ and I am the _____ for the Housing Authority of the City of Milwaukee.

Our Housing Authority strongly supports the proposed Senate Bill 533, which would update the Wisconsin State Statutes to allow mixed income and mixed use developments primarily to serve persons of low income or persons of low and moderate income.

We all have learned from the issues that resulted from 1960s and 1970s traditional public housing, which created islands of extremely concentrated poverty isolated from the surrounding community.

Since the late 1980s, the US Department of Housing and Urban Development, WHEDA, and other housing organizations, have encouraged development of mixed income housing as a tool to help strengthen neighborhoods and families and to promote social and economic mobility.

Mixed income developments can assist in the transformation of public housing for the following reasons:

- It decreases concentrated poverty, increases the local tax base, and increases the stability, not only of the housing development, but also for the surrounding neighborhood.
- In combination with availability of social and supportive services, mixed income housing creates opportunities for upward mobility that help low income residents improve their economic self-sufficiency.
- At the Housing Authority, our mission not only is to provide quality housing options, but also to provide access to services that support self-sufficiency, good quality of life, and the opportunity to thrive. Through our various programs, we work with partners and others to promote employment and education. As one example, at our Westlawn Gardens development, when we started our transformation in 2016, only 45% of the work-able residents were employed. Through case management and other services, that number has increased so that currently 66% of residents have full or part-time employment.
- The occasional and targeted use of mixed use in a housing development as well can assist in transforming neighborhoods that may currently lack amenities that all renters, market rate or low income, expect, such as a grocery store or pharmacy.
- The rent from the higher income market or workforce tenants help to offset the decreased government funding for subsidized low income housing.

Again, the Housing Authority of the City of Milwaukee strongly supports this bill and urges its passage.