Background on the Park East Community Benefits Ordinance
November 6, 2003

- This ordinance, which is more appropriate for accomplishing the goals of the Good Jobs and Livable Neighborhoods task force, goes beyond the Park East corridor, applying standards to developments city-wide.

- Because this legislation is in the form of an ordinance, separate from the development plan, it will pass the legal test it could not pass as part of a development plan. The city attorney has already ruled that such provisions as those suggested by the task force for inclusion in the development plan are contrary to state law. Development plans are, by their nature, aimed at zoning and land use, not issues such as prevailing wages and affordable housing.

- It should be noted that there is a difference between development *plans* and development *agreements*. A development plan is specifically limited to zoning and land use issues. A development agreement is a pact between the buyer and the seller of the property to undertake certain actions regarding its redevelopment. It is under these agreements that the demands of the task force could be included.

- The ordinance is heavily weighted toward job creation and economic development opportunities for city residents as a means of building wealth in the community.

- What follows is an outline of what the new ordinance would do:

  - **Creates job opportunities for City residents during the construction phase of development and permanent jobs after construction is completed.**

    - Directs EOEP office to work with Milwaukee County, organized labor, the general contracting community, and labor training organizations to:
    - Creates specialized apprenticeship programs
    - Creates pre-apprenticeship programs
    - Increase the level and success of City resident participation in the construction trades.

  - **Creates a First Source Recruitment Program to Guarantee:**

    - Job opportunities for City residents
    - A resource for employers locating businesses in new developments in the City
    - Permanent jobs created after development.

  - **Establishes a priority for city support of low-income and tax credit projects located in the Park East and downtown neighborhoods.**

- **Establishes a resident preference requirement for projects receiving direct financial assistance of $500,000 or more. The requirement will be set for each project taking into account the job trade categories of the projects and the pool of available certified workers in each category.**

- Further, the city already has in force many of the demands made by the committee. For example:

  - **Prevailing wage**: all city contracted public works projects pay prevailing wage.
  - **EBE/DBE/WBE**: All public works projects have an 18% EBE requirement and a 25% residents preference. All city development agreements have a minimum 18% DBE requirement.
  - **Living wage**: Milwaukee already has a living wage ordinance.
  - **Affordable Housing**: 86% of the rental units and over half of the single-family units in the city are affordable to those making 60% of the county median income ($36,300 or less for a family of three is the median) There are also more than 21,000 subsidized housing units in the city, <u>including 2,800 subsidized units within one mile of the Park East.</u>
  - **In addition,** 25% of the new rental units developed in and around downtown are tax credit units set aside as affordable for the next 15 years.
  - **Local Hiring and Training:** There are already a number of local hiring and job training programs administered by the Private Industry Council and a number of other agencies.
  - **Environmental Issues**: The Park East Plan includes bike trails, buffers along the river, access to bus routes, pedestrian access to other parts of the city, designated park space, wider sidewalks, and additional Riverwalk linking the Near North Side neighborhoods to the lakefront.
  - **Community Involvement**: The city already incorporates reporting of MBE/DBE results to the Common Council.

Use of Low Income Tax Credits to Support Development of Affordable Housing in the Park East Redevelopment Area

Background

WHEDA is the agency charged with allocating low income tax credits throughout the state. The credits are annually awarded on a competitive basis.

Applications are due in January and developers submitting applications for tax credits must have the Mayor sign a letter of acknowledgement when they submit their application. The form indicates the Mayor supports the application, has no opinion about the application, or opposes the application. While you can submit the application with any response, support is actually necessary to be competitive in the process.

The Department of City Development has established a review process for the applicants, before the Mayor signs off on the letter. The factors considered in the review are below. In addition, because there are typically more applications than credits that get allocated to Milwaukee, the Department will make recommendations to the Mayor on how the applications should be prioritized – usually in relationship to how it fits into the City's strategic plan – e.g. Is it in a priority development area? Will it serve as a catalyst for additional development in a neighborhood? Does it address a housing need?

The Park East area could be added to this consideration list when prioritizing our recommendations for development.

Process for obtaining letters of support from the City of Milwaukee for applications for low income tax credits from the Wisconsin Housing and Economic Development Authority (WHEDA)

To be responsive to developers submitting requests for letters of support for their applications for low income tax credits and provide thoughtful consideration of all requests, the City of Milwaukee has implemented the following process. Requests for letters of support must be submitted in writing, at least two weeks prior to the date for they are needed. The request should be accompanied by the following:

- Brief description/executive summary for the project (received)
- Unit breakdown/mix (size, number of bedrooms, target income levels, target households, proposed rents) (received)
- List of development team, including relevant experience in developing/owning/managing affordable housing
- Preliminary site plan/elevations
- Sources and uses of funds statement (received)
- Copy of market study or market analysis summary (if the study or analysis have not been completed, select information from the study can be submitted, specifically relating to

proximity of the proposed project to other subsidized housing in the area, and the impact the proposed project may have on other housing in the area (both subsidized and market rate)

(Note – where any of the above are being provided as part of the WHEDA application, application excerpts may be provided.)

Factors that will be considered by the City in review of projects requesting support:

- Experience of the development team
- Consistency with City Plans and local zoning
- Extent to which the property reuses existing buildings, preserves historic structures, or eliminates blight
- Impact on the surrounding housing market
- Proximity of the project to transportation
- Inclusion of market rate units (mixed income)

Note: The above factors are not intended to be all inclusive, but to provide some guidance as to the factors that will be important to supporting low income tax credit projects in the City.

Requests can be mailed to:

Department of City Development
Development
P. O. Box 324
Milwaukee, WI 53202
ATTN: Commissioner

Or may be delivered to:

Department of City

809 North Broadway, 2nd floor
Milwaukee, WI
ATTN: Commissioner

Note:

Possible Distribution Channels for Information for First Source Recruitment Program

Web site
BIDS
Mainstreet Milwaukee Program
Trade Organizations (e.g. BOMA, commercial realtors)
MEDC
Zoning Change Process (size threshold)
Land Sales (size threshold)