

Name of Exhibit:
**Narrative Exhibit G:
Housing Strategy**

Applicant:
City of Milwaukee

Name of File:
NarrativeExhGHousingStrategy

EXHIBIT G: HOUSING STRATEGY

G.1 Overall Housing Strategy

This is a joint RAD/Choice Neighborhoods Implementation Grant application for the transformation of the Westlawn Housing Development, formerly the largest public housing development in Wisconsin. The Westlawn Housing Development is severely distressed and in need of comprehensive revitalization. HACM is proposing to demolish all 394 existing public housing units and replace 376 units on site and 18 units off site but within the neighborhood. HACM has a demonstrated record of success in revitalization and is fully capable of implementing the Westlawn Transformation Plan. HACM's housing plan is well-defined and furthers HUD's core housing goals of the CNI program. Its scale, density, mix of incomes, and building types are based on resident and stakeholder input, the profile and housing needs of existing residents, local need and waitlists for affordable housing, existing market conditions, anticipated demand, and on sustainable design principles for revitalization.

One of HACM's key goals for Westlawn continues to be achievement of a mix of income among households at the site and within the buildings, while still meeting the significant need for subsidized rental units. To this end, the Transformation Plan calls for the demolition of the 394 existing public housing units and replacing them with 708 housing units: 575 new housing units on-site: 469 affordable rental (376 public housing of which 354 will be LIHTC and 93 LIHTC only) and 106 market-rate (81 rental and 25 homeownership) and 133 housing units off-site but in the neighborhood: 48 affordable rental (30 LIHTC and 18 public housing - 16 new and 2 city-owned foreclosures) and 85 new market-rate (60 rental and 25 homeownership). The Transformation Plan builds on the community's significant existing assets, chief among them Growing Power, Carmen High School of Science and Technology – Northwest Campus, Silver Spring Neighborhood Center, the development's direct adjacency to Silver Spring Drive, a major thoroughfare for the north side of

Milwaukee, and HACM's many strong partnerships with public agencies and private organizations already working in the neighborhood.

HACM's revitalization proposal for Westlawn evolved after careful consideration of many different options for the site, including those described below.

Option 1: Renovation of existing buildings. HACM considered substantial renovation of the existing buildings and units. This approach was deemed infeasible because of its exorbitant projected cost – over 90% of HUD's prescribed Housing Construction Cost limits for hard costs. Not only would renovation have been costly, but it would not have addressed many of the fundamental design flaws of the existing site, such as its isolation from the surrounding community, indefensible space, small units, bad soils, and poor drainage.

Option 2: Bigger or smaller revitalization project. HACM would have preferred to address both halves of the Westlawn property at the same time, and indeed worked with its design team on a master plan for the entire site. The size of the development made this infeasible, given the challenges of identifying sufficient funding and the massive disruption to the lives of the residents. A smaller revitalization was also considered, but rejected due both to separability concerns, and also to the lack of larger-scale impact and economies of scale.

Option 3: Either more or less dense revitalization. HACM considered various densities and configurations of housing on the Westlawn site. A less dense mix was considered, consisting mainly of single-family detached homes, but it would have been much more difficult to provide an appropriate mix of public housing replacement units, affordable housing, and market-rate homes with this configuration. A denser mix was also considered, but deemed inappropriate because of its heavy reliance on multi-family apartment housing types with limited outdoor play space for families with children. Since more than half of current Westlawn residents are under 18, this seemed a poor fit.

Ultimately, the proposal described in this application emerged as the most appropriate option

because it most comprehensively addresses and balances the following factors: revitalization of an existing distressed site -- the largest feasible revitalization area, given realistic resource constraints; an appropriate mix of apartment buildings and family housing, with yards for children; an appropriate and feasible mix of public housing replacement units, tax credit and other affordable housing, and market rate housing, given local needs and market conditions; leveraging of on-site neighborhood resources- the Silver Spring Neighborhood Center and Browning Elementary School; and the inclusion of a small yet catalytic retail component to spur further revitalization of the depressed Silver Spring retail corridor.

HACM’s revitalization proposal for Westlawn evolved after careful consideration of many different options. Ultimately, the proposal described in this application emerged as the most appropriate option because it most comprehensively addresses the following factors and complements other revitalization efforts underway:

- **Revitalization of an existing severely distressed public housing development:** Westlawn meets the criteria for severe distress as described in Exhibit D and Attachments 33-35.
- **One for one replacement of all public housing units:**

Table 1: Replacement Housing Subsidy Type and Unit Size

	PH only	PH/LIHTC/RAD	Total
1-bedroom	28	84	112
2-bedroom	2	148	150
3-bedroom	7	89	96
4-bedroom	3	33	36
Total	40	354	394

- **A mix of building types to address the needs of public housing residents:** The Plan includes an appropriate mix of buildings types. Of the 394 replacement units, 173 are in apartments, 170 are townhomes, 33 are duplexes, and 18 are single family/detached homes.

Table2: Replacement Housing Building Type and Unit Size

	1 BR	2 BR	3 BR	4 BR	Total
Apartments	112	61	0	0	173
Townhomes	0	71	76	23	170
Duplexes	0	0	20	13	33
SF/Detached	0	18	0	0	18
Total	112	150	96	36	394

- **Providing non-public housing / non-assisted units appropriate to the market:** As outlined in tables 3 and 4, below, an appropriate and feasible mix of market rate and non-assisted affordable housing, given local needs and market conditions are included in the plan. The total of 191 market rate units are comprised of 50 units for home ownership and 141 rental units; an additional 123 units are non-assisted, affordable housing. The proposed rents are in Table 7, below; the initial sales price, based on the Market Study, is \$100/square foot.
- **Leveraging of on-site neighborhood resources:** The Silver Spring Neighborhood Center, (SSNC), Browning Elementary School, and Carmen Northwest provide an educational and service “hub” for the revitalized site. The plan includes working with the Greater Milwaukee Committee, whose membership includes the region’s business, labor, academic, philanthropic, nonprofit and civic leadership – to explore the possibility of a Purpose Built Community at Westlawn. In addition, the new housing is enhanced by the existing park and community gardens completed as part of the revitalization of Westlawn Gardens.

- **Providing mixed-use buildings:** The plan includes development of mixed-use buildings along the Silver Spring retail corridor, as well as development of free-standing retail to spur further revitalization of the depressed Silver Spring retail corridor.
- **Completing development in an orderly and timely manner:** The Housing Plan consists of six phases, and HACM will be the developer, provide the operations guarantees to the lender and investor, receive the developer fees, and form an LLC in which HACM will be the sole owner with an ownership interest (.01%) and be the Managing Member with the right of first refusal for all phases of the project. Phase 1 includes ten public housing replacement units which will take advantage of two available city-owned homes that can be rehabbed quickly, and utilize eight immediately available vacant lots in Westlawn Gardens. These units will provide a replacement option for larger, public housing families living at Westlawn whose incomes exceed the tax credit limits; thereby, minimizing the disruption to these families. These eight units can be built relatively quickly and the occupancy by higher income public housing families will help create a more mixed-income community. All of the subsequent phases include LIHTC, which requires more time (submission of application, award, selection of investor, negotiation of Partnership Agreement, etc.).

The proposed outcomes and metrics for the Housing Strategy include: 1) developing 708 units of energy efficient, sustainable and accessible housing that is free from discrimination (# of housing units that meet LEED certification, # of housing units that are accessible and visitable), 2) developing a mixed-income community (household income), and 3) developing housing that is well-managed and financially viable (financial reports and PHAS).

Table 3: Housing Plan Summary: Income Mix and Unit Size

BRs	Replacement PH		LIHTC	Market Rate		Total
	>60% AMI	< 60% AMI	< 60% AMI	Rental	For Sale	
1	15	97	97	34		243
2	15	135	12	50		212
3	7	89	9	57	40	202
4	3	33	5		10	51
Total	40	354	123	141	50	708

Table 4: Income Mix and Building Type

	Replacement PH	LIHTC	Market / Rental	Market /For Sale	Total
Apartment	128	97	42		312
Townhome	215	26	83		279
Duplex	33		16	50	99
SF/Detached	18	0	0	0	18
Total	394	123	141	50	708

Table 5: Schedule for Housing Development

Phase	Replacement Public Housing		LIHTC Only	Market-Rate	
	PH/RAD	PH/RAD/LIHTC		Rental	HO
1 (6/16-2/17)	10		0	0	0
2 (8/17-9/19)	30	106	20	6	0

3 (10/18-12/20)		203		0	0
4 (5/19-8//20)		45	103	0	0
5 (10/15- 9/21)			0	135	0
6 (6/16-9/21)			0	0	50
Total	40	354	123	141	50

Table 6: Funding Sources by Phase (1 through 6)

	1	2	3	4	5	6
Land loan		■	■	■	■	■
CNI Grant	■	■				
Low Income Housing Tax Credit Equity		■	■	■		
Long-term loan – Amortizing		■	■	■	■	
HACM - CFFP (Future)			■	■		
HACM - CFP/RHF Grant	■	■	■	■		
HACM - Other Program Income			■	■		
CDBG			■	■		
Deferred Developers fee		■	■	■		
City of Milw. – DCD and DPW			■			
MMSD Grant			■			
HACM COCC reserves				■	■	■
RACM	■	■				
WE Energies			■			

Table 7: Proposed Monthly Rents by Type of Unit *

Bedrooms	PH/RAD Only (RAD Rent)	RAD/LIHTC (RAD Rent)	PBS8/ LIHTC	LIHTC Only	Market-Rate
1	\$529	\$529		\$675	\$800
2 - Apt	\$665	\$665		\$700	\$900
2- Townhome/SF	\$665	\$665			
3	\$849	\$849		\$860	\$1050
4	\$918	\$918		\$910	

* Note: If units aren't converted to RAD the rents will be determined in accordance with PH regulations.

HACM is requesting 382 Housing Choice Vouchers to support the off-site relocation and post-revitalization re-occupancy of the current Westlawn residents. HACM needs the vouchers for several reasons. In the resident survey, 48% said they preferred a Section 8 voucher, and 36% said they needed more information to make a decision. While 15% said they preferred another public housing unit (57 of the 382 households), HACM would not be able to absorb the large number of relocating residents within its existing public housing portfolio given current occupancy rates, and these residents could also change their mind and decide to use a voucher instead. HACM also plans to use the relocation process as a means to further fair housing by expanding housing opportunities for the residents. To ensure that each resident makes an informed decision about relocation they will receive an outline of the advantages and possible disadvantages of each option and the type of relocation assistance that will be provided.

G.2 Number of replacement units Not applicable.

G.3 Mixed-Income Development

The high number of replacement units required by the unit count at Westlawn precludes the Housing Plan from meeting the prescribed 50% threshold for public and/or assisted-housing units. Of the 708 proposed units, 394, or 61%, are replacement housing units. The 191 market rate units, or 27%, will be available to households earning above 60% AMI. As noted in Attachment 39, market-rate units will be mixed within buildings and throughout the site.

G.4 Long Term Affordability

HACM certifies that it will maintain a 40-year affordability restriction on title from the date of initial occupancy for all affordable rental housing funded by CNI. HACM will maintain control of these units for the 40-year period to ensure that they remain affordable to persons whose income does not exceed 120 percent of AMI. During the tax credit compliance period, HACM will be the managing member of the LLC and responsible for the overall management of these units. At the end of the 15-year compliance period, HACM will exercise its right of first refusal to purchase and manage the units as affordable housing in order to ensure a greater benefit to current and future residents and a more effective use of the CNI investment.

G.5: Green Development and Energy Efficiency.

Sustainable development is a key component of this revitalization and is woven into every element of the plan. HACM continues to be a leader in the promotion and use of Energy Star technology and has been a member of the EPA's Energy Star Buildings and Green Lights Partnership since 1999. In 2007, HACM received an award for Sustained Excellence in Building Performance from Wisconsin Energy Star Homes. HACM received a LEED for Homes Platinum Certification (first in Milwaukee) and LEED-ND Stage 3 Silver (first in the world) for Westlawn Gardens. The LEED processes there employed an independent consultant for verification of compliance with the LEED commitments as part of overall Construction Management services. HACM certifies that it

will comply with the LEED ND and LEED for Homes Criteria Checklists for Westlawn included with greater specificity in Attachments 42 and 43 and hire an independent, third-party consultant to verify compliance with these commitments. In addition to the mandatory requirements for each standard, HACM plans to include the following practices, all of which are consistent with HACM's approach at Westlawn Gardens.

Energy Efficiency and Water Conservation. Energy Star standards will be met, including all appliances and lighting. Electricity will be individually metered, raising resident awareness and providing an incentive for careful usage, and all exterior lighting will be on sensors or timers to insure efficient use. In general, HACM aims to maximize the development's Home Energy Rating System (HERS) score, exceeding that which is typical for these types of construction, including using HVAC systems with Seasonal Energy Efficiency Ratios (SEERs) as high as 16 or 18. Emphasis will be placed on maximizing the insulation value and minimizing air leakage for all building envelopes. Although HACM does not believe it will be able to include on-site renewable energy sources at this time, units will be designed to make future incorporation as seamless as possible. In addition to the water conservation through use of native landscapes, HACM will install high efficiency water-conserving appliances and fixtures in all units.

Material and Resources. HACM will aim to maximize the use of environmentally healthy and sustainable products and systems. In addition, HACM will utilize waste management strategies similar to those it has employed at Westlawn Gardens, where to date it has achieved diversion rates as high as 80%, thanks to a number of strategies including panelized construction.

Healthy Living Environment. HACM will comply with all mandatory checklist from the LEED for Homes for relevant building types rating governing adequate ventilation and air quality, as well as prevention of moisture infiltration, pests and pollutants. The project also greatly benefits from not including attached garages, which pose additional challenges to air quality.

Awareness, Operations and Maintenance. In addition to providing manuals to both maintenance staff and residents, HACM will also provide new resident orientations that highlight all the green features of the new development. HACM will also seek to raise public awareness of the site's sustainability, through a combination of multi-media tools, articles and signage.

Neighborhood Design. The Westlawn site is located within a previously developed community, with close access to public transportation, shopping, schools, public infrastructure, jobs, etc. The proposed revitalization, which includes a new grocery store/public market at 60th and Silver Spring, will strengthen Westlawn's linkages with the surrounding community, adding new streets, sidewalks, and other connections. The proposed density of units will support a high level of neighborhood services at the site's center, while allowing for a transition in building type and scale at the edges to match the surrounding context. Public open space will be provided throughout the development, including a new water playground, and residents will have access to community gardens included as part of Westlawn Gardens that will not only provide access to fresh food but opportunities for involvement in gardening and a connection with the outdoors.

Site Improvements. HACM will meet the requirements for environmental remediation, erosion and sedimentation control. New landscaping will utilize native species and the strategic placement of trees and plants that provide shade in summer and allow for heat gain in winter. Consistent with site work at Westlawn Gardens, a combination of creative approaches to handling storm water will be included in ways that are not only effective, but that serve as a public amenity. Where possible, existing site infrastructure will be reutilized, including specific care for saving existing trees.