

Alternative Uses for Community Development Block Grant Funded Housing Programs in Milwaukee

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Executive Summary

This paper focuses on innovative uses of CDBG-funded housing programs in other communities and their possible applicability to Milwaukee. Our search for these programs was conducted in three phases: the first considered programs deemed innovative by the U.S. Conference of Mayors and HUD; the second phase entailed a look at CDBG programs in five cities deemed similar to Milwaukee in some way; the third phase examined cities that received especially large CDBG allocations from HUD.

We discovered a great deal of homogeneity in housing initiatives in communities throughout the country. We found that many communities had parallel goals with their housing policy and went about accomplishing these goals in a similar manner. We further found that Milwaukee was on the leading edge of many innovations in housing policy as determined by the U.S. Conference of Mayors and HUD.

The criteria we determined for whether a program would be used in our recommendations for the City of Milwaukee included how well it would conform to Milwaukee's current housing policy, how different it would be from current housing initiatives in Milwaukee, and whether it would be feasible for Milwaukee to implement.

The first program design deemed innovative in our examination is currently being utilized in Columbia, South Carolina. Columbia uses CDBG to provide police officers with low-interest mortgage loans for the purchase and renovation of homes in the neighborhoods they serve. This program fits well within the community policing strategy in Columbia and has improved public safety and property values in participating neighborhoods. This program could aid in community policing in Milwaukee and help officers who are required to reside in the city to find affordable housing. The challenges Milwaukee faces in implementing this program include controlling the costs associated with providing the loans. This is dependent upon how many officers utilize the program.

The second program we found to be innovative was the Cleaning and Boarding program in Baltimore, Maryland. Baltimore uses CDBG funds to provide contracts to nonprofit organizations to handle the cleaning and boarding of vacant properties as a job-training tool for young people. This program has expanded Baltimore's capacity to provide service, aided in neighborhood relations, and leveraged additional funds from other sources. This program may have some challenges associated with quality of work completed and may not completely fit with Milwaukee's public service needs for the boarding of vacant properties.

The third program we explored is the Homesharing for Seniors program in Seattle, Washington. Seattle uses CDBG funds to administer a matching service for older residents and people who want to live in their homes at reduced rent. The City of Milwaukee could place these young people in older residences of senior citizens to ensure the property is maintained. This could aid in keeping up properties resided in by people no longer able to care for them, a blighting problem Milwaukee is currently facing. This could also provide an affordable housing option for younger residents of the city. This program may face some challenges in ensuring the young people who live in these homes are responsible in maintaining them, and ensuring that the people who participate in this program are not dangerous.

We recommend that the City of Milwaukee consider implementing program designs similar to the ones summarized above—the Police Homeownership Loan program, the Cleaning and Boarding program and the Homesharing for Seniors program. We further recommend that the City of Milwaukee study current programs funded with CDBG to ensure they are meeting their programmatic goals.

Using Community Development Block Grant Funds Effectively: A Search for Innovative Housing Programs

by David Fosdick, Hilary Murrish, Rob Suls, Craig Wieber

The Community Development Block Grant (CDBG) program became law in 1974, having been developed to assist cities in revitalizing and rebuilding their declining inner cities and to promote community development. Cities have utilized CDBG funds for a variety of purposes. One area that receives CDBG funding is housing. In Milwaukee, housing programs receive a large portion of CDBG dollars—24 percent of Milwaukee’s total CDBG allocation (City of Milwaukee Community Block Grant Administration, 2001). This paper explores CDBG-funded housing programs in other cities with the purpose of identifying what might be effectively utilized in Milwaukee.

To accomplish this task, we examined CDBG-funded programs related to housing across the nation. We then focused our analysis on cities that are similar to Milwaukee and on CDBG programs in a set of larger cities. This paper reports the results of our study of CDBG best practices, and offers some program options Milwaukee could implement in conjunction with its current CDBG programs.

Background

The Community Development Block Grant program, authorized under Title I of the Housing and Community Development Act of 1974, emerged from the consolidation of eight federal programs, under which communities competed nationally for funds (ICF Kaiser Incorporated, 1997). The distinguishing feature of the CDBG program is its flexibility. This flexibility allows cities that face different community development needs to design programs to meet these specific needs (Urban Institute, 1995). A major goal of the CDBG program is to help cities develop viable urban communities. The 1974 Housing and Community Development Act stated that “viable communities are achieved by providing decent housing and a suitable living environment and expanding economic opportunities principally for persons of low and moderate income” (as cited in Squires et al., 1999). To achieve these goals, the CDBG regulations outline the national objectives that each program must meet. The three national objectives are to (1) benefit to low- and moderate-income persons, (2) aid in the prevention or elimination of slums or blight, and (3) meet a set of particularly urgent needs. At least 70 percent of CDBG funds must be used to assist low- or moderate-income persons. HUD defines low-income people as those below 80 percent of county median income, moderate-income as those below 120 percent of county median income. In Milwaukee in 2002, a family of three qualifies as low-income if their income level is below \$48,400 and moderate-income if their income is below \$72,600 (Urban Institute, 1995, City of Milwaukee Community Block Grant Administration, 2002).

At the federal level, CDBG funds are divided between two programs: the States and Small Cities program and the Entitlement program. As the name implies, the States and Small Cities program distributes funds to states for smaller cities in the state. Ap-

proximately 30 percent of CDBG funds are distributed in this way. The remaining 70 percent of CDBG funds are distributed to entitlement cities and counties. Cities that receive funding through the Entitlement program include central cities of metropolitan statistical areas, suburban cities with population greater than 50,000, and urban counties with population greater than 200,000, excluding the population of entitlement cities (Urban Institute, 1995)

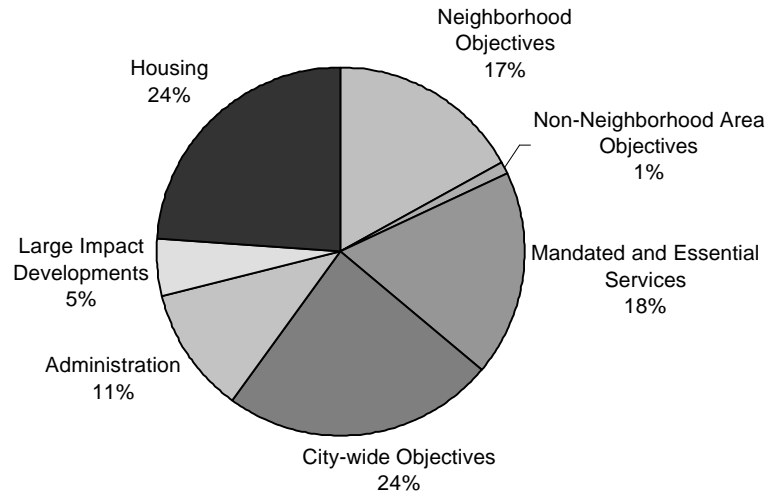
CDBG funds are distributed using a dual-formula method. Formula A takes into account poverty rate, population, and overcrowded housing. The poverty rate is weighted at 50 percent, and population and overcrowded housing are each weighted at 25 percent in formula A. Formula B places an emphasis on the age of the housing stock by weighting the percentage of housing built before 1940 at 50 percent, poverty at 30 percent, and poverty growth lag at 30 percent. Population growth lag is the number of persons in excess of the current population if the population growth had matched that of all U.S. metropolitan areas. Communities receive funds based on the formula that yields the highest allocation (Urban Institute, 1995).

CDBG Funding in Milwaukee

The Community Block Grant Administration administers CDBG funds in the City of Milwaukee. The office is responsible for the oversight of organizations participating in CDBG-funded programs and for providing technical assistance to those organizations receiving CDBG funds. After receiving recommendations from the Common Council's Community Development Committee, the Milwaukee Common Council determines CDBG funding levels for each program (Morics, 2001). The City of Milwaukee's CDBG allocation for 2002 equaled \$23.9 million. The city distributes this funding between neighborhood groups and other nonprofit organizations, city-administered programs, and uses a portion to cover administrative costs. Funds that are allocated for projects that are not utilized in the appropriate time frame must be returned to the City of Milwaukee. The Community Block Grant Administration reallocates these monies to other organizations that administer CDBG funded programs (Hawkins, 2002).

Figure 1 shows that the City of Milwaukee spends a large portion of its available CDBG funds on housing projects. The Community Block Grant Administration reports that it spent 24 percent (about \$5.7 million) of its CDBG money directly on housing projects in 2001. In addition, each of the other expenditure categories may include some money spent of housing programs (City of Milwaukee Community Block Grant Administration, 2001). These housing projects are managed primarily by the City of Milwaukee Department of Neighborhood Services (DNS), the Neighborhood Investment Development Corporation (NIDC), and various nonprofit organizations.

FIGURE 1
Allocation of CDBG Funding by Planning Division, 2001
(Total CDBG entitlement = \$23,922,680)



Source: Milwaukee Community Development Block Grant Administration, 2001.

Nature of Housing in Milwaukee

Milwaukee's housing stock is predominantly (about 70 percent) single-family or duplex housing (City of Milwaukee, 2001). According to the 2000 census, renters and owners are almost evenly split in Milwaukee, with 45 percent of the city's housing stock being owner-occupied and 55 percent renter-occupied. Approximately 80 percent of single-family dwellings are owner-occupied, with more single-family homes being owner-occupied than duplexes.

Single-family dwellings are found throughout the city; however, they are concentrated near the city limits. Apartment buildings are concentrated near downtown Milwaukee or along major streets (City of Milwaukee, 2001). Milwaukee is similar to other cities in that low-income persons are clustered in older neighborhoods in or near the central city. Milwaukee's housing stock is relatively old, with half of the housing constructed prior to 1941. Only 4 percent of all housing in Milwaukee has been built since 1979. Multifamily dwellings tend to be newer than single-family dwellings (City of Milwaukee, 2001). Because of its relatively old housing stock the City of Milwaukee uses a portion of its CDBG resources on programs for housing rehabilitation and upkeep.

The median sale price for single-family homes in Milwaukee in 1997 was \$70,000 (Squires et al., 1999). A 1997 study prepared by the National Association of Home Builders (NAHB) calculated the percentage of homes available to households with median income and with one-half median income. In the City of Milwaukee, 93 percent

of homes were available to households with median incomes, but only 23 percent were affordable to those with one-half the median income.

When one considers larger factors associated with affordability in housing, some challenges present themselves to the City of Milwaukee. In the NAHB study of housing affordability, Milwaukee was ranked number 117 of 196 metropolitan areas in a comparison of affordability, with a ranking of 1 signifying the most affordable city. The study based these rankings on housing prices, property taxes, and income (Squires et al., 1999). There is little question that the presence of suburban data will affect the relative ranking of the Milwaukee metropolitan area. Even so, we believe that the ranking is still indicative of a housing affordability problem in the City of Milwaukee, partly because suburban property values will also skew upward the overall housing costs for most of the other metropolitan areas included in the study.

Affordability becomes a larger issue when race is taken into consideration. The percentage of white households that could afford median-priced homes in 1997 was 59 percent; black households that could afford the same was only 24 percent, and for Hispanic households this was 40 percent. Affordability is defined as spending 30 percent or less of one's monthly income on housing (Squires et al, 1999). There appears to be a need for increased affordable housing options in the city.

In 2002, the City of Milwaukee's Housing Strategy Team summarized their major strategies designed to bring about greater diversity of housing choices. These strategies include:

- Increase and target new housing production that contributes to Milwaukee's unique urban landscape.
- Promote preservation of existing housing stock.
- Provide public housing and community service programs that strengthen and enhance the social, economic, and physical environment, especially for those of lower income.
- Maximize and utilize all available resources, including state, federal, and private dollars, to carry out the city's housing strategy.
- Aggressively market Milwaukee for in-fill and new housing development.
- Promote affordable home ownership and responsible rental property ownership.
- (City of Milwaukee, 2002a).

Innovation with CDBG Funding

The goal of this project is to determine whether other cities spend CDBG funds in innovative ways. This section explains the process of searching for innovative programs and the findings from this investigation.

Method

We conducted the search for innovative uses of CDBG funds in three phases. The first phase was a nationwide search of programs through collections of best practices, as defined by the U.S. Conference of Mayors or HUD. The second phase was to look care-

fully at five specific cities. The third phase was to examine how cities that receive large CDBG allocations utilize their CDBG funds.

Before searching for best practices, we set three criteria that programs should meet to be considered for the best practices section. The three criteria are:

- **Any new program must conform to Milwaukee’s housing policy priorities.** The three core housing strategies used for this criterion included encouraging single-family homeownership, addressing housing affordability issues, and preserving the current housing stock.
- **Program must be different than current housing initiatives.** Information from the Community Block Grant Administration office and contacts in Milwaukee were used to determine whether the suggested program would be a duplication of current efforts. It was also important to ascertain whether a program similar to the program that was found had been attempted or considered in Milwaukee.
- **Must be feasible for Milwaukee to implement.** This step took into account which organization would be responsible for implementing the program and how the program would be executed in Milwaukee. This process was not as formal as the methods associated with the other two criteria, but it was a consideration in the search for best practices.

To find specific innovative programs, we examined CDBG-funded programs throughout the nation. The first step included a look at programs recognized by HUD as “blue-ribbon” programs. HUD deemed these programs as the most innovative or successful of those submitted to HUD by cities (U.S. Department of Housing and Urban Development, 2000). HUD’s blue-ribbon programs were supplemented with a set of programs recognized as best practices by the U.S. Conference of Mayors (U.S. Conference of Mayors, 1999). After looking at programs nationwide, we eliminated those programs that did not fit our criteria.

On the advice of various city officials who are affiliated with housing in Milwaukee, we began the next phase, which included looking directly at cities similar to Milwaukee. These cities include Cleveland, Baltimore, Minneapolis, and Saint Paul. City officials also suggested that we explore housing programs in Seattle, a city known for being innovative with its programs. At this stage, we contacted CDBG administrators in each community to ask about the specific funding mechanisms, amounts of funding, and programs that these cities administer.

The third step in the best practices search included reviewing programs in cities that receive a large amount (\$15 million or more) of CDBG funding annually. Because these cities receive large CDBG allocations, we assumed that the communities would distribute funds for housing across a wider variety of programs, providing numerous choices to examine. This phase was similar to the nationwide search in terms of scope, but this phase was conducted using Internet resources to gather as much information as possible. The search of cities that receive larger amounts of CDBG funding did not result in additional best practices, but reinforced the finding of homogeneity in CDBG-funded housing programs, discussed below.

Homogeneity in Housing Programs

By examining how other communities utilize their CDBG funds, we discovered that many communities have similar housing goals. Most cities design programs with the goals of making housing affordable for low- and moderate-income families, preserving the current housing stock, and increasing options for single-family housing. It also appears that these cities often utilized similar means of reaching these housing goals. Table 1 illustrates the similarity of CDBG-funded housing programs across the nation.

Table 1: Selected Major Housing Programs

	Increase Single-Family Housing Ownership	Housing Affordability	Preservation of Current Housing Stock
Baltimore	Housing Counseling – St. Ambrose Housing Aid Center	Housing Rehabilitation – Northwest Baltimore Corporation and The Development Corporation	Revolving Loan Fund – Neighborhood Housing Services
Cleveland	Housing Trust Fund – Department of Community Development	CASH Program – Department of Community Development	Home Repair Assistance Program – Department of Community Development
Milwaukee	Deferred Payment Loan Program – NIDC	Homebuyer Counseling Programs – Neighborhood Housing Services & Other Non-profits	Owner Occupied Home Rehabilitation Program – NIDC
Minneapolis	Homeownership Recycling Program – Greater Minneapolis Metropolitan Housing Corporation	Public Housing Authority General Rehabilitation – Minneapolis Public Housing Authority	Rehabilitation Support Program – Minneapolis Community Development Agency
Saint Paul	Comprehensive Homeownership and Opportunity Fund – Department of Planning and Economic Development	Project 2000 Loan Fund – Department of Planning and Economic Development	Comprehensive Housing Real Estate Fund – Department of Planning and Economic Development
Seattle	Low-Income Housing Development Services – City of Seattle Office of Housing	Housing Support Services – Plymouth Housing Group	Home Rehabilitation Revolving Loan Fund – City of Seattle Office of Housing

Source: City of Baltimore (2001). City of Baltimore Consolidated Plan: Action Plan for FY 2002. City of Cleveland (2002). Cleveland 2002 Consolidated Plan. City of Milwaukee. (2002b). Community Development Block Grant Program Year 2002 Funding Allocation Plan. City of Minneapolis (2000). FY 2000 Minneapolis Consolidated Plan. City of Saint Paul (2001). Saint Paul 2001 Consolidated Plan. City of Seattle (2001). Seattle's 2001-2004 Consolidated Plan.

Although the names of programs differ across cities, they essentially strive to accomplish the same goals through similar means. Programs with the goal to increase the stock of single-family housing tend to provide financial assistance to homebuyers, such

as loans or grants for closing costs. Programs focused on the issue of affordability place low- or moderate-income families into units that are subsidized and permanently affordable. To preserve the current housing stock, programs tend to offer low-interest loans to low-income homeowners for rehabilitation of their property. Many of Milwaukee's housing initiatives follow this pattern.

Based on our examination of housing programs across the nation, we have found that many cities have adopted comparable programs using CDBG funds. It appears that innovative elements in housing programs spread across the nation until many communities utilize their CDBG funding for similar programs. The spread of these ideas has led to a large degree of homogeneity across cities in CDBG programs. Milwaukee seems to be on the leading edge of innovation, as many programs or aspects of programs that are cited by HUD, the U.S. Conference of Mayors, and other cities are already in place in some form in Milwaukee.

Best Practices

Through the search process described above, we discovered some small innovative programs. The innovations in CDBG housing programs identified through the search were developed to address specific problems in cities. Housing issues combined with high crime, rising center city vacancies, and an aging population of homeowners inspired the creation of three targeted programs. These programs appear to fit within Milwaukee's housing goals. The programs are the Police Homeownership program, Cleaning and Boarding Training program, and Homesharing for Seniors. The following section highlights these projects, including the mechanics of each project, and provides an analysis of the project's potential role in Milwaukee's housing policy.

Police Homeownership Loan Program – Columbia, South Carolina

The Police Homeownership Loan program was developed by the City of Columbia, South Carolina, to address two problems that are seemingly linked and which disproportionately impact low-income neighborhoods: crime and deteriorated housing stock. Before the program was developed, few police officers lived in low-income neighborhoods in Columbia, and housing in those neighborhoods was in need of upgrade. Linkages between officers and the neighborhoods they served were weak. To address this problem, Columbia created a program fund to encourage police officers to purchase dilapidated homes in the low-income neighborhoods they patrol. The program offers officers low-interest (4%), 20-year mortgage loans, requiring no down payment, to cover the purchase and the renovation cost of substandard houses located in low-income areas designated by the city (Institute for Government Innovation, 1993).

The Police Homeownership Loan program was created and is administered by Columbia's Community Development Department (CDD), in conjunction with the city's police department. At the outset of the program, CDBG funds played a role in getting the program off the ground. In the first few years of the program, an average of \$120,000-\$150,000 of CDBG funds were spent per year to provide lower interest rates and to cover the cost of down payments. An average loan for a police officer to purchase one of these homes is approximately \$82,000. Half of this amount is composed of CDBG funds (if the officer qualifies) with the rest coming from private lenders (Castle, 2002). Bank coopera-

tion is an important part of Columbia's program. Every bank that was approached to provide funding for the program agreed to participate, providing interest rates approximately half of the market rate (Oleksy, 1996). We found this program innovative because it combines the aspect of increasing single-family homeownership, while furthering the concept of community policing.

Based on the current arrangement of programs in Milwaukee, a program similar to Columbia's could be integrated into Milwaukee's current strategy. The NIDC established a bank consortium several years ago which provides a pool of credit from which new loan programs could draw the necessary private sector capital. Currently it administers low-cost loan programs for low-income homebuyers in Milwaukee (Allen, 2002).

Implementing a Police Homeownership Loan program in Milwaukee may require little change in current programmatic practices. NIDC currently offers a low-cost loan program allowing schoolteachers to purchase homes in neighborhoods near the schools in which they teach. The logic behind this program is very similar to Columbia's police program, linking employees to the communities they serve through encouraging homeownership (Mack, 2002).

Milwaukee has attempted a program similar to the Police Homeownership Loan program. Police In Your Neighborhood (PIN) once offered housing benefits to police officers, specifically a \$10,000 grant for Milwaukee police officers to purchase homes in CDBG-defined areas. The program existed from 1995 to 1998, and although 16 police officers participated, the program ended when participation dropped off. (Mack, 2002). Milwaukee's PIN program illustrates the city's dedication to encouraging police officers to live in low-income areas. A version of the Police Homeownership Loan program is likely to have greater participation than the PIN program because it offers increased financial incentives for purchasing homes in low-income areas. We believe the Police Homeownership Loan program has the potential to encourage more participation in Milwaukee. Columbia has a much smaller police force and there has been a waiting list to take part in the program in the past (Castle 2002).

The Police Homeownership Loan program also fits well with other conditions established by the Milwaukee Police Department for their officers. According to Milwaukee's *Police Officer Guide*, all police officers hired by the city must live in Milwaukee within six months of hire. If the Milwaukee Police Department requires officers to live within the city limits, providing them a means to purchase a home and become permanent residents seems logical. Based on the starting salary offered (\$35,484 in 2000), many entry-level and recently hired police officers qualify for a CDBG-funded police home loan program (Milwaukee Fire and Police Commission, 2002).

While relatively small in scope, the program in Columbia seems to have been successful. In the first seven years of the program, 16 homes have been rehabilitated in low-income neighborhoods. There is not much quantitative data measuring the program's impact. A large amount of qualitative evidence shows that the residents of Columbia are pleased with the program. Residents report that having a police officer living in their neighborhood serves as a deterrent to criminal activity and demonstrates the commitment officers have to serving the needs of the neighborhood. The program has attracted enough attention that it has been modeled in approximately 70 communities and honored with the Innovations in State Government Award, presented by Harvard University and the Ford Foundation (Institute for Government Innovation, 1993).

In terms of improving the quality of housing stock, the Police Homeownership Loan program has also been successful in Columbia. Areas of Columbia where the program was implemented have seen their property values stabilize and even rebound, reversing the declining trend. A survey conducted in 1998 by Columbia's Community Development Department showed a 6.5 percent increase in property values for neighborhoods participating in the program (Castle, 2002). While the increase in property values cannot exclusively be attributed to the program, there may be some correlation between the officers purchasing homes and increasing property values.

This program could complement and enhance Milwaukee's current policing initiatives. Milwaukee has committed to a community-based approach to policing. Columbia made a similar commitment to community policing, and this program is an important component. Since the shift to a community-based approach and the creation of the homeowner loan program, Columbia experienced a 15 percent reduction in crime from 1991 to 1993 (Institute for Government Innovation, 1993). Milwaukee's own community-based policing approach could be enhanced by the creation of a loan program for its own officers. Linking officers directly to the communities they serve would be an extension of the community-based approach and give them a stake in the neighborhoods they serve.

Although this program does have numerous advantages, several factors may hinder its success if implemented in Milwaukee. A police homeownership loan program that spends approximately \$120,000 to \$150,000 in Columbia, if adopted in Milwaukee, could require \$600,000 to \$750,000 per year in already scarce CDBG funds, depending on the number of officers participating. Costs associated with a Milwaukee version of this program could quickly rise, depending on the number of officers utilizing the program.

In summary, some aspects of the Police Homeownership Loan Program have the potential to be translated to Milwaukee. Columbia's innovative program is a strong alternative for Milwaukee to consider for its CDBG dollars to further meet its housing strategies, including providing programs that enhance the environment for Milwaukee's residents and promote the preservation of existing housing stock.

Cleaning and Boarding – Baltimore, Maryland

The City of Baltimore provides a much-needed neighborhood maintenance service while allowing local nonprofits to provide job training and education services through their cleaning and boarding programs. Currently within the City of Baltimore there is an extensive backlog of neglected and abandoned properties that need to be boarded up and cleaned out (Paladay, 2002). The city's Department of Housing and Community Development (HCD) boards and cleans a large percentage of the properties serviced each year. In addition to the activities of the HCD, the City of Baltimore issued contracts of \$150,000 per group to five community groups to handle a portion of the cleaning and boarding within the neighborhoods they serve (City of Baltimore, 2001).

The neighborhood groups that possess cleaning and boarding contracts focus more on job training and education than on providing the city service. Employees in the cleaning and boarding program are trained in basic construction skills such as framing techniques and operating power tools. The groups that offer this employment and training program also offer General Education Degree (GED) classes for employees. Some of the nonprofit groups who possess cleaning and boarding contracts target at-risk youths. These individuals often have a history of legal trouble or substance abuse. Other non-

profit groups in Baltimore utilize AmeriCorps participants for the cleaning and boarding contracts.

The advantages associated with this type of program outside of a traditional job training program is that the community benefits from the work these young people are doing while they learn valuable and transferable job skills. This is similar to Workfare programs already in place across the nation, and in the City of Milwaukee. The element of this program that is innovative is that the City of Baltimore has used a training element linked to a city service that they do not currently have the capacity to provide completely throughout the city. The City of Baltimore has increased their available capacity for providing this much-demanded service and offering training opportunities for some residents.

Currently the Department of Public Works for the City of Milwaukee handles the boarding for the city. These workers are utilized by the city for many other tasks, and the boarding element of their job may not be the best possible use for their skills. There may also be cost advantages to adopting this type of program. In the City of Baltimore, employees who work cleaning and boarding vacant and abandoned properties earn from \$21,000 to \$29,000 per year in salary (Paladay, 2002). This translates to roughly \$10 to \$14 per hour in wages. The wages provided to participants in a job-training program could be significantly less. This could result in a labor cost savings for the city.

Another advantage with Baltimore's Cleaning and Boarding program is that participating nonprofit groups can generate money through additional public and private funding sources. This fits Milwaukee's housing strategy objective of maximizing external funding sources. This additional investment allows the group to have larger crews of individuals working on cleaning and boarding, resulting in greater efficiency in providing this city service. The Baltimore-based nonprofit Living Classrooms provides an example of the benefit additional investment can provide. The Living Classrooms crew is twice the size of a typical city crew, which has allowed them to outperform city crews (Paladay, 2002).

Utilizing organizations with a greater tie to the specific neighborhoods they serve may also provide an advantage. Groups composed of residents of a particular neighborhood may have greater incentive to be effective in providing cleaning and boarding. This program has the potential of allowing residents of an area to regain a sense of ownership of their neighborhood. Residents who know that the cleaning and boarding crews are from their neighborhood may be more willing to report problem properties to a local group rather than to city government. This could decrease the amount of time between when a problem arises and when it is reported and fixed. The crews that handle this task are also geographically closer to the properties they serve and may be able to identify problems quicker.

There are also disadvantages in allowing a training program to help in providing a city service. The quality of work completed by community groups may not be at the same level as that of city employees. City employees will be, on average, better trained and more experienced in the tasks they are given. A program administrator involved with all cleaning and boarding in Baltimore estimated that only about 75 percent of the homes that were cleaned and boarded in Baltimore by non-city contractors were done in a way

that fit the standards of the city completely. This is significantly below the rate of work done to standards by Baltimore city employees (Paladay, 2002).

The potential implementation of this type of program in the City of Milwaukee would be constrained by several factors. The first factor is that, unlike Baltimore, the City of Milwaukee does not appear to have as large a problem with vacant and abandoned housing. The City of Baltimore has more demand for board-up services than people and time to complete the tasks (Paladay, 2002). Because of this, the work done by community groups increases the available capacity of city workers to do boarding and cleaning. This is not the case in the City of Milwaukee, where officials are not currently dealing with a backlog of structures that need to be cleaned and boarded (Lewis, 2002). The City of Milwaukee probably would be less likely to tolerate a lower quality of work in boarding houses when they can complete all the work themselves. Another factor that should be considered is that the City of Milwaukee has tried to use private contractors for cleaning and boarding before and has ended these arrangements. Programs in the past were not linked to job training but there were problems with the work being done in a timely manner (Seager, 2002; Lewis, 2002).

One way to utilize the idea of basic construction training linked with community service is to provide cleaning services for homeowners who are no longer able to care for their properties. Cities are often concerned about the blighting influence on neighborhoods by properties owned by residents who, for some reason, are no longer able to care for their home. Cleanup and basic maintenance activities could be focused at homes occupied by primarily elderly or disabled residents who cannot keep their homes up to city code. It would be difficult for a city agency to provide this kind of service for residents. A program similar to the Cleaning and Boarding program could be used to fill this need.

Homesharing for Seniors – Seattle, Washington

The City of Seattle administers a model program for intergenerational housing that may have elements that are useful to Milwaukee. The Seattle Homesharing for Seniors program uses CDBG funds to match individuals 55 and older seeking assistance in and around the home with individuals in need of affordable housing. The purpose of the program is to pair seniors and prospective tenants in a living arrangement that is mutually beneficial. Individuals receive affordable housing, while seniors receive help with property maintenance. In addition to assisting seniors and individuals seeking affordable housing, the program furthers Seattle's efforts to reduce blight and assist elderly homeowners in maintaining their property.

Homesharing for Seniors is jointly administered by Senior Services and the city's Department of Human Services and is financed by the city's CDBG administration. The program has two distinct elements, one that addresses the city's need for affordable housing and removal of blight and another that addresses property maintenance services for the elderly. The homes of seniors who are unable to adequately care for their property are maintained by the work of tenants. In exchange for their assistance, tenants benefit from affordable housing. Senior homeowners may also benefit from no-cost personal care services provided by helpful tenants. These personal care services are not a requirement for participation in the program (Rolls, 2002).

From Seattle's \$15 million CDBG allocation, the city's block grant administration distributes \$65,650 to Senior Services for the Homesharing for Seniors program (City of

Seattle, 2001). Approximately 80 percent of these CDBG funds are used for salary and benefits of Senior Services staff and the remaining 20 percent is used to maintain a database of interested seniors and tenants (Pope, 2002). The database is a master list of applicants used to pair homeowners and potential tenants, based on compatibility criteria and a strict screening process. Senior Services performs criminal background checks of prospective tenants and then conducts interviews with the interested parties. Senior Services does not oversee meetings between applicants, but allows them to decide independently whether to live together.

The city requires a homeowner and tenant agreement to be signed by both parties. Once a rental agreement has been signed, a 30-day trial period begins. The city measures success by the number of matches where stays exceed 30 days. To date, the 18-year program has matched more than 4,000 housemates (Rolls, 2002; Pope 2002).

Other communities across the country have recognized Seattle's innovation and adopted intergenerational living modeled after Seattle's home-sharing program. With financial support from the City and the State of New York, a nonprofit group, The New York Foundation for Senior Citizens, Inc., maintains a home-sharing program (Park, 2002). Home-sharing has also been imitated in communities closer in size to Milwaukee. In 1997, three counties in the Mankato, Minnesota, region launched a home-sharing program with guidance from the Minnesota Department of Human Services. The Mankato program matches an average of 35 housemates per year and also uses CDBG funds to finance the project (Rodgers, 2002).

Like Milwaukee, the communities mentioned above face issues related to affordable housing, blight removal, and senior care services. These examples demonstrate the potential of home-sharing programs to help alleviate these problems, along with the feasibility and popularity of its use in large and small communities.

The structure of these three home-sharing programs creates a challenge for evaluating their effectiveness in providing low-income housing. None of the cities examined collect data on average or median rental prices in the program. Strong qualitative evidence exists, however, gathered from program interviews in the Seattle area that home-sharing serves low-income applicants. Seattle Services coordinator Mike Rolls reports that many lease agreements require very low rent and often allow tenants to perform household chores in lieu of rent (Rolls, 2002).

A concern among housing officials in the City Milwaukee is the growing number of poorly maintained homes owned by those lacking the capability to maintain their property (Seager, 2002). We believe that a large percentage of this group are senior citizens. Home-sharing may allow seniors to remain in their homes, rather than moving to nursing or retirement facilities when they are no longer able to live independently. This program could be very popular with seniors who want to remain in the home, but who need assistance with household chores and cleanup.

With a population of approximately 27,000 students attending UW-Milwaukee and Marquette University (US News and World Report, 2002), a large population of individuals seeking affordable housing exists. There is evidence to support this argument in other cities where home-sharing is practiced. For example, the majority of applicants for the Seattle and Mankato area home-sharing programs are students (Rolls, 2002; Rodgers, 2002).

A number of options are available to Milwaukee officials if they decide to implement a home-sharing program. As in the Seattle model, a nonprofit organization could be commissioned to operate the program. Alternatively, the city could operate a home-sharing program itself.

Some disadvantages exist with this program that Milwaukee policymakers should take into account. It would be difficult for the city to ensure that tenants actually maintain the property. Home-sharing programs may attract irresponsible tenants who will not live up to the maintenance element of the agreement. If the city were to require that a lease agreement specify tenant responsibilities, the potential for deadbeat tenants would be reduced. By including tenant responsibilities in the lease, there would be a binding agreement for the tenant to perform the outlined jobs, thereby providing seniors a way to get rid of deadbeat tenants. In the case of Seattle, however, mandates have not proven to be necessary. Another problem Milwaukee may face is ensuring the safety of seniors and tenants. There must be some process for determining that people are not placed with someone dangerous. The success of Seattle's program is credited in part to its thorough applicant screening process (Rolls, 2002). Despite lengthy screening, the safety of seniors cannot be guaranteed.

Other Relevant Considerations

Before any new CDBG-funded programs are introduced in Milwaukee, several factors need to be taken into account. Changes to the current allocation of CDBG funds will likely lead to objections by recipients of current CDBG funds. Once programs are established, individuals and groups utilize them and become accustomed to receiving funding and the accompanying level of service. When new initiatives are introduced or funding levels are changed, the clientele served by existing programs may become concerned that levels of service will suffer or their programs could be eliminated altogether.

In the past, specific community groups have opposed any changes in their current levels of funding. One example of Milwaukee's community groups opposing anticipated CDBG funding changes centers around a proposal by Mayor John Norquist. In 2001 Mayor Norquist suggested transferring \$1 million in CDBG funds to a new fire safety program. Shortly after the mayor made this proposal, several leaders of community organizations came out against it, arguing these reductions would hurt their efforts in job training, housing, and economic development (Pabst, 2001). This reaction indicates the attitude of community groups regarding CDBG funds: they view the money as their own. Proponents of any new program or initiative proposed must overcome this entitlement mentality and make a compelling case as to the necessity of the new program. A similar reaction is likely from individuals and groups who benefit from other city programs funded with CDBG if their funding is shifted to new, relatively unproven city initiatives. In Milwaukee, special consideration must be given to any new initiative because of the wide range of current programs receiving CDBG funds, running from the Lead Abatement program to Code Enforcement Training.

Creating new housing programs funded with CDBG money may interrupt ongoing housing programs currently using CDBG funds. For example, a housing program like CityHomes, which is in process of completing a new subdivision, cannot have its funding levels reduced mid-way through construction and still complete the project on time and in

the same form originally intended. Diverting CDBG funds from a project like CityHomes would not allow NIDC to complete the project under the original specifications. The consequence of diverting funds from a program like CityHomes would necessitate locating a new funding source, building fewer homes, or delaying the project. Reallocating funds could have consequences for current city programs. Funding for CityHomes is not currently in danger, but if additional programs receive funding from Milwaukee's CDBG allocation, issues such as those outlined above would likely occur for some programs that currently receive CDBG funding.

Funding is a primary issue to be discussed when considering new programs. The programs we have identified as innovative receive relatively small CDBG allocations in the cities in which they are currently implemented. Although the programs require small allocations, CDBG funding tends to be zero sum. If one program receives additional funding, another must lose their CDBG funds. While our study of innovative CDBG-funded programs briefly examined Milwaukee's current housing policy, we did not conduct an in-depth study into the effectiveness of the city's CDBG programs.

Conclusion and Recommendations

Our initial search of CDBG-funded housing programs found there was a high degree of homogeneity in programs in cities across the country. Table 1 provides specific examples of how Milwaukee and several other cities have integrated increasing single-family housing ownership, preservation of housing stock, and housing affordability into their housing policies. Despite similarities in core programming, there are innovations for Milwaukee to consider that satisfy specific objectives of the city's housing strategy. The innovations we suggest could be applicable to Milwaukee; they appear to be successful where they are currently in effect. These programs form the basis for our recommendations for alternative and innovative ways Milwaukee could spend its CDBG allocation.

Recommendations

- **Before implementing any new program, Milwaukee should examine all current CDBG-funded programs to see if they are meeting programmatic goals.**

In order to fund new programs a detailed examination of all CDBG allocations should be conducted. An evaluation will allow the city to determine which programs are not meeting their programmatic goals. Information from the evaluation could be used to determine how CDBG money can be reallocated.

- **Consider implementing a Police Homeownership Loan program, similar to the program in Columbia, South Carolina.**

This program has shown success in improving relationships between the police force and the neighborhoods they serve, within the community policing strategy. This program has also demonstrated potential benefits to individual neighborhoods through increased safety and property values.

- **Consider implementing a Cleaning and Boarding program, similar to the program in Baltimore, Maryland.**

This program could create greater capacity for providing basic city maintenance services and neighborhood beautification linked with an opportunity for individuals in the city to garner work experience and training. This program could also allow the city to use higher trained city workers more efficiently for more pressing city needs outside of the cleaning and boarding of properties.

- **Consider implementing a program similar to Homesharing for Seniors in Seattle, Washington.**

This type of program increases affordable housing options for individuals while helping to maintain the homes of older residents, providing a measure of blight reduction. This program would be inexpensive to administer. The addition to the Seattle model of periodic monitoring would guard against problems with irresponsible and dangerous participants.

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