



## MEMORANDUM

**TO:** Mayor Devine & Members of the Common Council

**FROM:** Patrick Schloss, Economic Development Executive Director

**DATE:** April 29, 2021

**SUBJECT:** Lot for single family home construction - 1606 S. 59 St.

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Economic Development and Planning are exploring the purchase of 1606 S. 59 St. for the construction of a single family home to be marketed as affordable to low/moderate income buyers. 1606 S. 59 St. is currently a vacant lot owned by Milwaukee County. The house was demolished in 2015. In the past, the City has constructed and sold a number of affordable homes with great success. The most recent home at 9235 W. National Ave. is currently under construction.



The City receives federal HOME funds to construct these houses. The funds are administered by the CDA. HOME funds are granted through the Milwaukee County HOME Consortium and must be utilized to create or sustain affordable housing. The homes are sold to buyers whose incomes do not exceed 80% of County Median Income (CMI) and must remain affordable for a period of 20 years per HOME program regulations. I have included the current HOME program income limits for your review:

Household Size	1	2	3	4	5	6	7	8
Current Gross Annual Income	\$46,950	\$53,650	\$60,350	\$67,050	\$72,450	\$77,800	\$83,150	\$88,550

The end result is a 1,616 square foot 3 or 4 bedroom, 1 bathroom bungalow with a 2 car garage. Bedroom size is determined by the type of lot the house is constructed on. We anticipate construction of a 3 bedroom home at 1606 S. 59 St. All homes are constructed to energy star standards. As a result, energy consumption is reduced to ensure utility bills are affordable to low/moderate income buyers.

The current construction cost for the 4 bedroom home at 9235 W. National Ave. is \$359,000. This cost is slightly inflated due to material price increases as a result of COVID 19. We expect the cost of 1606 S. 59 St. to be approximately \$30,000 to \$40,000 lower.

In 2018, the City sold the 2 most recently constructed affordable homes at 1970 S. 78 St. and 2415 S. 66 St. Both houses sold for \$170,000. The homes increased the quality of housing stock and strengthened home values in their respective neighborhoods. Our realtor is currently determining an affordable sale price for 9235 W. National Ave. as income limits have increased since 2018.

The final product is pictured below.





Please feel free to contact Rob Ahlm at 302-8426 or myself at 302-8468 with any thoughts or questions.

Regards,

A handwritten signature in blue ink, appearing to read "Patrick Schloss", with a long horizontal flourish extending to the right.

Patrick Schloss