



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Meeting Minutes HOUSING TRUST FUND ADVISORY BOARD

ALD. MICHAEL MURPHY, CHAIR

Bethany Sanchez, Vice-Chair

*Ald. Robert Bauman, Heather Dummer Combs, Cecelia Gore, James Hiller, Craig Kammholz,
Vincent Lyles, Cathie Madden, Brian Peters, Ray Schmidt, and Mike Soika*

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Thursday, September 11, 2008

11:00 AM

Room 301-A, City Hall

Meeting convened: at 11:08 a.m.

1. Roll call

Present 9 - Murphy, Soika, Hiller, Sanchez, Madden, Peters, Dummer Combs, Gore and Schmidt

Excused 3 - Kammholz, Bauman and Lyles

2. Approval of the minutes of the August 14, 2008 meeting.

Mr. Soika moved approval of the minutes, Ms. Madden seconded. There were no objections.

3. Discussion relative to the potential federal aid for foreclosure issues and what effect it may have on the Housing Trust Fund.

Ms. Maria Prioletta from the Department of City Development appeared on this matter.

She said Mayor Tom Barrett's Housing Foreclosure Task Force would begin meeting next week.

A key element in its deliberations will be the use of federal Housing and Urban Development funds, the guidelines for the use of which are expected on September 26, 2008.

The current federal legislation in this area included the creation of a federal Housing Trust Fund. A current question is the degree of local control that will be granted as this program is implemented. Ms. Prioletta said the Mayor intended to argue strongly for local control.

The funding source for this federal trust was to be the loan origination fees received by Fannie Mae and Freddie Mac. Given their takeover by the federal government earlier in the week, it is likely that there will have to be lobbying for alternative sources of funding.

Mr. Soika asked who would be administering federal housing foreclosure dollars?

Ms. Prioletta replied that they would be administered through the DCD, but monitored by the Community Development Block Grant Administration.

Mr. Peters asked where the City derived its assumption that the federal government would provide \$10-20 million under the foreclosure abatement program?

Ms. Prioletta said it was based on "guesstimates" further based on conversation with HUD representatives and other officials -- all of whom appear to be giving consistent answers.

Ms. Sanchez asked if the City has contacted WHEDA regarding local control over the federal trust fund?

Ms. Prioletta said the City has not contacted that agency.

Ms. Madden asked whether the City has investigated the Capital Magnet Fund and how it would be funded?

Ms. Prioletta said the City has not investigated this fund, but said it too was to be funded by Fannie Mae and Freddie Mac.

Roll call taken at 11:50 A.M.

Present 8 - Murphy, Soika, Hiller, Sanchez, Madden, Peters, Dummer Combs and Schmidt
Excused 3 - Kammholz, Bauman and Lyles

4. Discussion relating to the communication from Mr. Leo Ries, Executive Director, Local Initiatives Support Corporation (LISC) regarding the request for funding for a study being done by LISC and the Public Policy Forum.

Appearances: Mr. Leon Ries, Robert Henken (Director of the Public Policy Forum), and Ryan Horton (researcher at the PPF)

Mr. Ries indicated, based on his review of the previous meeting, the greatest concern appeared to be under the "Project Overview" section of the study summary, under bullet point one where it says "potential pros and cons associated with merging these (HOME and Section 8) programs and/or locating them outside of city and county government."

Mr. Ries said the bullet point did not apply to locally-raised funds, rather that the County and the City might consider joint administration of certain programs, notably Section 8 and HOME programs.

Mr. Henken said the primary focus of the study would be bringing back to the Housing Trust Fund examples of metropolitan areas that "do affordable housing well".

Mr. Hiller inquired as to whether or not the information proposed to be derived from the study was not already available through other resources.

Mr. Horton indicated that there are excellent resources available, but there are gaps in the available research particularly pertaining to the leveraging of private dollars and the broadening of resources that are made available to affordable housing initiatives.

Mr. Ries said he hoped the study would create an environment in which the City and the County could better align their housing efforts and perhaps even agree in matters of common interest like funding sources.

Ms. Madden asked what the source of the money for this study would be: the \$400,000 allocated to the Trust Fund or a separate \$75,000 set aside for studies and other uses.

Mr. Mahan said the CDGA received \$25,000 for initial housing trust fund administration.

Mr. Owczarski (clerk) indicated that the \$10,000 is to be allocated from the Housing Trust Fund's special purpose account.

Ms. Sanchez asked if the PPF was still prepared to meet its deadline for this report?

Mr. Horton indicated they were continuing to target a December deadline, but it could slip to January.

Mr. Ries said the PPF and LISC were still working to secure other private donations for the report and has had some success, but had not yet secured its full cost.

Mr. Schmidt asked how this matter was approved outside the Trust Funds usual process, including a lack of Request for Proposals.

Mr. Mahan said the Common Council and its committees had the authority to approve funding of that source without the separate approval of the advisory board. Further, even the housing recommendations of the Advisory Board could be amended by the Common Council at the time such matters are considered. He said the Board could ask that procedures be put in place to insure that future studies of this type be vetted by a procurement process.

Mr. Soika asked if the Board could create policy that no money will be spent without an appropriate RFP?

Ms. Sanchez inquired if this might not cost the Board needed flexibility.

Mr. Soika replied that they can't have it both ways.

Mr. Mahan replied that the funding decision is already set in the legislation. It says "the decision for awards is first set by the HTF Advisory Board and forwarded to the Common Council. He said if the board wants a procurement process it would have to establish one.

Ald. Murphy arrived at 11:50 P.M.

Ald. Murphy replied that this Board could not set a procurement process, because it doesn't have the authority to set law.

Ald. Murphy said that there is nothing that would prevent another Alderman from presenting a funding request from the housing trust fund to the Common Council, without it being heard and approved by the HTF Advisory Board first.

Mr. Werra said that he would like to clarify, for internal purposes, the RFP intent for the

four categories: Homelessness, Rental, Homeownership and other needs. He said his understanding is that for the first three categories there will always be an RFP required and that the fourth category, other needs, could be submitted to this board without a RFP.

Ald. Murphy replied in the affirmative.

5. Update from the Community Block Grants Administration Director relative to the award funding process

Mr. Mahan said that he has some unanswered questions that need to be addressed before the second round of RFP's can be announced.

Mr. Mahan asked what will be the timeline for the release of the second round of RFP's? What categories does the board want in this second round of RFP's? Will the funding percentage for each category stay the same? Does the board want the remaining funds reshuffled?

Mr. Mahan also indicated that he is still waiting for a response from IndendenceFirst on the wording for the "Accessibility Requirements" section on the application.

Mr. Peters replied that the wording is fine the way it is.

Mr. Mahan explained that, in the beginning, each category had a set percentage of the housing trust funds and during the first round not all of the funds had been allocated, leaving a balance of about \$1,482,000. He asked if the board wants to keep the percentages and remaining funds in each category as is or does the board want to reshuffle the funds and divide the remaining funds by percentage for each category again?

Mr. Werra said that there is only \$100,000 left in the Homelessness category.

Ms. Sanchez replied that if they were to reshuffle the remaining funds, then it would seem like they are ignoring the percentages that were established in the legislation altogether.

Ms. Soika replied that he thought that from the beginning the board was being true to the ordinance by allocating dollars per the percentages established for each category and if the dollars weren't allocated in full in each category in the first round, it would start over and the remaining funds would be based upon the percentages again.

Ald. Murphy asked Mr. Mahan what his recommendation is on how the remaining funds should be handled?

Mr. Mahan replied that he recommends that the funds should be reshuffled.

Mr. Soika asked what would the amounts be for each category if the remaining funds were reshuffled?

Mr. Werra replied that if the remaining funds were reshuffled, according to the original percentages established for each category, it would be as follows: Homelessness - \$370,750, Rental Housing - \$519,050 and Homeownership - \$370,750.

Ms. Sanchez said there is also the 15% minus the \$10,000 that could be used in any

way that this board sees fit.

Mr. Werra said that the 15% was never allocated in the first round and that it was spread among the other categories. He said in this round the 15% would be \$222,000.

Mr. Soika moved that the \$1,483,000 remaining housing trust funds be reallocated based on the original formula stated in the legislation, which is 25% for Homelessness, 35% for Rental Housing, 25% for Homeownership and 15% for Other needs. The motion prevailed. (6-1-1) (Mr. Schmidt voting no; Mr. Peters abstaining)

Mr. Werra said the first round of funds was limited to only brick and mortar projects. He asked what is the board's intent for this second round of funds? Will it be limited to only brick and mortar project again or does it want to open it up to softer activities, such as home buyer counseling?

Mr. Peters replied that he would like it open up to the softer projects.

Ald. Murphy asked what does Mr. Mahan recommend?

Mr. Mahan replied that there are plenty of brick and mortar projects that could use these housing trust fund dollars and he is leery about opening the housing trust funds up to softer projects, because there are a lot of funds available out there for softer projects, including the federal foreclosure funds that the block grant office will be receiving soon.

Mr. Peters suggested that they go with brick and mortar projects again this year, but make the change next year to include the softer projects.

Mr. Sanchez said that she talked directly to some of the non-profit organizations that were interested in applying for the housing trust funds under the homeownership category, but didn't because of some of the requirements, such as the five year performance.

Mr. Hiller said he would like to stick with brick and mortar projects only, because if it was opened up to the softer projects, the CDGA staff would probably receive a flood of applications that wouldn't qualify for housing trust funds.

Mr. Schmidt asked if someone could give a definition of what is meant by brick and mortar projects?

Mr. Mahan replied that any physical changes, including minor home repair is considered a brick and mortar project.

Mr. Mahan said he is willing to setup a training session for applicants.

Mr. Mahan asked how would the board like to see the training session announced?

Ald. Murphy said he would work with CDGA staff to put together a news release for the training session and the RFP.

Ms. Sanchez asked what is the timeline for this second round of RFP's?

Mr. Mahan replied that if the board gives the OK to release, he could get the notification published in the newspapers and on the website by the week of September

22, 2008 and the RFP due date could be the week of October 20, 2008.

Ms. Dummer Combs asked if the training session could be announced at the same time the RFP is?

Mr. Mahan replied in the affirmative. He said he could setup the training session to take place two weeks after the announcement, which means it would be held two weeks before the RFP due date.

Mr. Peters asked if the due date for the RFP could be the week of Oct. 27, 2008?

Mr. Soika said he would prefer that the due date is set for Oct. 27, 2008.

Ald. Murphy said the due date for the second round of RFP's will be October 27, 2008. There were no objections.

6. Next meeting date and time

Ald. Murphy indicated that the next meeting date is set for October 9, 2008 at 11:00 A.M. and that he and Ald. Bauman will be in budget hearings all that day and will not be able to make that meeting.

Ald. Murphy asked if there are any objections to canceling the October 9th meeting? There were no objections.

Ald. Murphy said the meeting date would be November 13, 2008 at 11:00 A.M.

Meeting adjourned: 12:38 P.M.

Terry MacDonald, Staff Assistant