

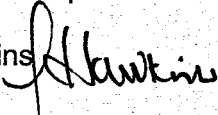


Department of Administration
Community Block Grant Administration

John O. Norquist
Mayor

Michael J. Soika
Director

Juanita Hawkins
Community Block Grant Director

TO: Community Development Committee
FROM: Juanita Hawkins 
Director
DATE: July 26, 2002
RE: 020428 - Request for Reprogramming Funds

1. DCD- Retail Investment Fund - \$150,000 CDBG funds
2. LaCausa - \$28,083 CDBG funds
3. Friends of Housing - \$123,000 HOME funds
4. Select Milwaukee Community Gold - \$300,000 HOME funds
5. Milwaukee Midtown Housing Corporation - \$250,000 HOME funds

DCD - Retail Investment Fund

The Department of City Development (DCD) is requesting a one-time grant for its Retail Investment Fund to directly assist with the exterior remodeling of a 21,000 sq. ft. store and open Lena's Food Market at 3334 N. Holton Street. The Community Development Committee awarded \$1 to this initiative June 18, 2002.

Lena's Food Market is expected to generate at least 30 FTE jobs, eliminate a vacant, blighted building surrounding a residential neighborhood, and provide goods and services to residents.

Lena's estimate the project at \$1.3 M dollars. Renovations will be funded by M.B. Investments (AKA, Lena's Foods), the \$150,000 RIF grant and a \$15,000 facade grant.

DCD's Retail Investment fund receives \$100,000 in CDBG entitlement funds to fund retail development projects, locating in targeted neighborhood business districts, which create new job. To date, no funds have ben drawn from this project.

LaCausa requests CDBG reprogramming funds for homeownership efforts for its Walk to Work Program and the availability of home ownership for Foster Parents and Family Child Care Providers.

LaCausa states that it has secured independent lines of credit from the National Council of LaRaza for \$125,000 for acquisition and renovation of properties. LaCausa expects that the funds from LaRaza and the CDBG grant will operationalize and sustain the purchase, moderate rehab, and sale of properties to increase homeownership in Milwaukee.

The CDBG budget of \$28,083 will support a Housing Specialist position for August through December 31, 2002.

Friends of Housing Corporation is requesting HOME funds in the amount of \$123,000 to rehab a vacant property at 1548 W. Center Street.

The organization indicates that the property is extremely vandalized and is an eyesore along W. Center Street. HOME funds will support the rehabilitation of this property which is expected to be used for rental to a family that would qualify as a low-income family under the HUD regulations.

Milwaukee Midtown Housing, a new organization, incorporated as a 501(c)(3), request HOME funds as forgivable grant to low income disabled homeowners for 5 homes to be built on W. Vliet Street between 28th Street and 29th Street. The modular homes will be equipped for the visual, hearing, and mobility impaired who are of low to moderate income, conforming to the HUD income guidelines.

The houses are estimated to cost \$100,000. The maximum grant will be \$250,000. The organization states that the Redevelopment Authority has made a commitment for an initial 6 lots for new home construction.

The activity, on its face, appears to be HUD eligible. Due to the timing of receiving this proposal, CBGA will review the details prior to release of funds to make certain that it is compliant under the HUD regulations.

Select Milwaukee Community Goal Program is a combined purchase and rehab mortgage program to assist low and moderate income families with the purchase of homes requiring a moderate amount of repairs (\$10,000 to \$20,000). The program description states that homes would be purchased through the private market. It is stated that 8-10 purchase-ready customers are prepared to move forward immediately with a purchase.

The activity, on its face, appears to be HUD eligible. Due to the timing of receiving this proposal, CBGA will review the details prior to release of funds to make certain that it is compliant under the HUD regulations.

DCD - RETAIL INVESTMENT FUND



Department of City Development
Housing Authority
Redevelopment Authority
City Plan Commission
Historic Preservation Commission

Julie A. Penman
Commissioner
Michal A. Dawson
Deputy Commissioner

File: DCD-RIF
2002 (Side 3)

cc: J.H.
H.W.
N.R.

July 2, 2002

To: Juanita Hawkins

From: Mike Brodd *M. Brodd*

Re: Lena's on Holton

Juanita, enclosed is some background information on the proposed Retail Investment Fund (RIF) grant to the new Lena's grocery store on Holton Ave.

The RIF program is a good fit for this project, which will have tremendous positive ramifications for the neighborhood. We are talking significant job creation, blight elimination, as well as the provision of goods and services not currently available in that neighborhood. It is also significant that an indigenous business – not an outsider owned national retailer – is undertaking this venture. As a result we can add, the creation of local wealth into the equation, making this a great example of community economic development.

Please contact me if you have any questions concerning this project.

Cc. Alderman D'Amato
M. Dawson

NMIDC

NORTHEAST MILWAUKEE INDUSTRIAL
DEVELOPMENT CORPORATION



RIVERWORKS INDUSTRIAL CENTER

MEMBERS & SUPPORTERS

Advance Die Casting Co.
Aldi Inc.
Another Display Company
Barrientos Arch. & Design
The Bentley Company
C & D Technologies Inc.
Central Plumbing-Heating Co., Inc.
Doris Chortek
City of Milwaukee - CDBG
CH & E a Division of ABS Pumps
CTE, Inc.
City of Glendale
Compo Corporation
Elias Grinding Co.
Finn Power Inc.
Frentzel Products, Inc.
Harambee Ombudsman Project
Heider Bott Co., Inc.
Inner City Redevelopment Corp.
Iron Fireman
J. T. & T. Inc.
Jenkins Imports, Inc.
Journal Broadcast Group
L.B.P. Real Estate
Longview Fibre Company
MATC
Mat-Teck, Inc.
Maximus
Metal Forms Corporation
Midwest Fire Protection, Inc.
Milw. City Dept. of Econ. Develop.
Milwaukee County - CDBG
Milwaukee Foundation
Milwaukee Protective Covers
MoFoCo Enterprises
NAI/MLG Commercial, Inc.
Northern Environmental Tech., Inc.
Odom's Pizza
Papercraft, Inc.
The Pieper Company, Inc.
Pinkey's Auto Body
Production Stamping Corp.
Ruemelin Manufacturing Co.
Service Container
Spec Tape of Wisconsin
State of Wisconsin - CBED
TCF National Bank
Tri-Land Properties, Inc.
Tulip Corporation
U.S. Bank
UWM - Ctr. for Economic Dev.
Waddell & Reed, Inc.
Wenniger Compressor Co.
Wisconsin Procurement Institute
Wisconsin Thermoset Molding, Inc.
Wisconsin Wilderness Food Products
Work Injury Care Center

303 E. VIENNA AVENUE
MILWAUKEE, WI 53212

(414) 906-9650
(414) 906-9646 (FAX)

Mike Brodd
Retail Investment Fund
Department of City Development
809 N. Broadway
Milwaukee, WI 53202

Mr. Brodd:

The application for MB Investments also known as Lena's Foods is enclosed. MB Investments requests \$150,000 for the creation of at least 30 Full Time Equivalent jobs at 3334 North Holton. This application was delayed due to efforts to investigate the use of Community Development Block Grant Funds for this project.

The owners felt it was necessary to proceed with interior renovations prior to the approval of the RIF committee. There will be much more than \$150,000 of the matching funds expended on this \$1.2 million dollar project after the RIF committee meets. Final decisions on exterior renovations are pending RIF grant approval. Your approval will allow other funds now, of necessity, to be used for equipment to be used for exterior fixtures and improvements. With out RIF funds the project would proceed but look quite different and have a reduced chance of success.

NMIDC is pleased to support this project in an effort to improve Holton Street by changing a vacant vandalized structure back into a thriving supermarket. These funds will allow for a dramatic improvement in the appearance of the property and help insure the creation of 60 jobs. The location is two blocks north of Locust and Humboldt in the Riverwest neighborhood. This was a former Kohl's grocery store that was closed a couple of years ago.

Current management has proven abilities to operate a successful retail supermarket in the City of Milwaukee at their current location near Fond du Lac and North Avenue. The supermarket on Holton will be their second facility replacing one on 76th Street that they closed. Derrick, Anthony and Gregory Martin have managed the business for seven years.

The property is leased with an option to buy from Morton Enterprises, which has committed \$200,000 toward the renovations. Financing has been arranged with Legacy Bank, Wisconsin Department of Commerce and MEDC. Your cooperation and assistance can make this project possible.

Thank you for your consideration.

Sincerely,

Donald Sargent
Business Support Specialist
NMIDC

2002 JUN 5 10:05:57

13

M.B. INVESTMENTS, INC. d/b/a LENA'S FOOD MARKET

Holton Street Project

MB Investments, Inc., (the Company), a Wisconsin corporation, on January 11, 2002 signed a ten year lease with Morton Enterprises, Inc., a California corporation, to lease the former Kohl's Food Market at 3334 N. Holton Street in Milwaukee. MB Investments plans to remodel the 21,000 sq. ft. store and open a Lena's Food Market at this location this summer. The Company anticipates they will need an additional 60-80 employees to operate the store. The projected cost of the project is \$1,373,771.

The Company is currently working with Peter Schwabe, Inc., a local general contractor, to secure bids for the remodeling of the store. The Company's landlord Morton Enterprises has included in the lease a \$200,000 allowance for renovation to the building. The balance of the renovations will be funded by MB Investments, a \$150,000 RIF grant and a \$15,000 facade grant. Peter Schwabe estimates the project will cost \$523,771. A summary of the budget for the renovations is included in this application.

The Company has selected Mehmert Store Services, a Sussex store design firm, to design the interior layout of the store. Mehmert estimates that the cost to fully equip the Holton street store will cost close to \$500,000. This price also includes a store decor package. A list of the proposed equipment is included with this application.

Certified Grocers of Illinois currently supplies Lena's Food Market as their primary supplier. Certified estimates the Holton Street location will require \$350,000 in inventory to fully stock the store.

The Holton Street store is located in the eastern part of the city of Milwaukee. The store's only competition in the area is the Jewel-Osco located on East Capitol and the Jewel-Osco located at Humboldt and North.

M.B. Investments, Inc., a Wisconsin corporation, operates Lena's Food Market in Milwaukee, Wisconsin. The company was incorporated in 1995. M.B. Investments officers are, Derrick Martin, president, Gregory Martin, vice-president and Anthony Martin, secretary.

In January 1996 M.B. Investments, Inc. opened their first Lena's Food Market at 2322 W. Oak St. in Milwaukee, Wisconsin. The Company leased a 21,000 sq. ft. former Kohl's Food Store from Bezelee and Lena's Martin. Bezelee

and Lena Martin had purchased the building in 1995 from Northwestern Mutual Life after Kohl's closed their store at that location. The Martin family has operated grocery stores in the Milwaukee market for over 36 years under the Lena's name. Prior to the opening of Lena's Food Market by M.B. Investments the family operated Lena's Big Value at 430 and 330 W. North Ave.. Lena's Big Value was owed by Bezelee and Lena Martin

The current Lena's is a full service grocery store that employees over 80 people. The store features one of the cities largest meat departments and specializes in hard to find southern foods. Lena's believes that they provide their customers exceptional service. One example of this is when a customer spends \$40.00 or more at Lena's we will take them home for free. The Company competes against Jewel-Osco on 35th and North Avenue and Galst Foods on 16th and North Avenue.

In January 1998 M.B. Investments opened another Lena's Food Market at 6410 N. 76st.. The company decided to close this store in April of 2000 after they were unable to reach a acceptable lease agreement with the stores landlord.

Lena Food's Exterior Facelift
Preliminary Budget
March 6, 2002

2002 3-6-5 10:38

General Conditions:	\$3,800.00
Demolition:	\$3,268.00
Asphalt Patching / Seal Coat / Restripe:	\$13,478.00
Landscaping:	\$4,000.00
Ornamental Fencing:	\$8,875.00
Concrete / Masonry:	
Split Face Piers	\$12,192.00
Split Face Wall	\$15,181.00
Roofing:	\$4,250.00
Exterior Storefront:	
Replace Exterior Glazing	\$42,135.00
New Automatic Entry Doors	\$15,300.00
Steel Stud Framing and EIFS:	\$49,500.00
Painting	\$12,350.00
Exterior Lighting:	\$5,875.00

Sub-Total: \$190,204.00

GC Fee: \$15,216.32

Total: \$205,420.32

This Budget Does Not Included Front Entry Tower

Retail Investment Fund

Program Guidelines and Application Procedures

RIF is limited to funding retail development projects, locating in targeted neighborhood business districts, which create new jobs.¹ These businesses cannot be home based, and must be located on or near the business districts specified in this application packet. A start-up business will be considered to create at least one full-time equivalent or FTE job (the entrepreneur) as well as any additional jobs. The expansion of an existing business shall be fundable only if additional jobs, beyond those in existence at the time of application, are created by the grantee. The composite RIF portfolio has a \$5,000 per FTE job requirement. Projects locating in Targeted Investment Neighborhoods (TINs) are eligible for a \$6,000 per FTE grant. (See page 5.)

The RIF program is a reimbursement program. The grantee will be reimbursed for eligible pre-approved grant related expenses. Grant funds cannot be disbursed until all conditions of the grant contract have been fulfilled, including job creation.

- A. **Eligible types of businesses:** Retail, service or professional office type neighborhood serving businesses. There must be a public benefit to the neighborhood such as the provision of goods and services currently not available, new jobs, blight elimination, etc.
- For profit, tax paying business (non-profit development projects will be considered only in special circumstances and the applicant must demonstrate why they should be considered as eligible for this funding);
 - The real estate in which the business is located, must be owned by the applicant. Alternatively, the applicant must have a fully executed lease, the landlord must demonstrate a familiarity with and support for the project and endorse the applicant.
- B. **Base # of jobs:** The number of FTE jobs at the time of application.

¹ Neighborhood serving service businesses such as, but not limited to, insurance agencies, travel agencies, and similar professional service companies will be evaluated on a case by case basis.

- C. Job creation:** The new jobs must be created in 2001. A job qualifies as being established if it is in existence for at least 45 working days. Part-time jobs count toward the job requirement only as they are converted into full-time equivalents (total combined hours worked per year must be equal to at least 2080 hours to be a FTE.)

If all projected new jobs are not established (per the above definition) by the end of the calendar year, the grantor reserves the right to terminate the contract and to rescind the grant. A waiver of this provision may be requested by the grantee and will be considered by the grantor.

- D. Use of Funds:** Funds can be used for the following types of activities as long as the activities themselves are directly related to and necessary for the improvement or acquisition of tangible assets. Grant disbursement will not occur until and unless the appropriate job creation levels are achieved.

- Architecture and Engineering (A&E) costs;
- Purchase of Furniture, Fixture and Equipment (FF&E);
- Whenever possible, RIF funds will be applied to those elements of the defined project that are not directly associated with construction or equipment installation activities (In some instances this restriction can be waived);
- Environmental testing and clean up costs are eligible expenses

- E. Match:** The applicant must provide detailed and hard evidence of a 100% match.

- If the project is receiving a grant from the City, the County, or the State those funds can NOT be used for the match, although their inclusion in the project budget is acceptable and does not disqualify a project.
- If the project is receiving financial support from the Milwaukee Economic Development Corporation (MEDC) those funds can be used as the match.
- If the project is receiving funding from a corporate partner, a foundation, or a similar, non-public sector source, these funds can be used as part of the match.

- F. Specific ineligible business activities** include but are not necessarily limited to schools, day care centers, currency exchange including check cashing agencies and some non-bank financial retail outlets, taverns, liquor stores, gun shops, pawnshops, and passive real estate. The committee may decide on a case by case basis to exclude other business activities which they believe do not benefit the health, safety, and welfare of the community and/or do not meet the objectives of this fund.

G. Other Considerations:

- The intent of this grant program is to assist with the establishment or expansion of business activity in the targeted commercial districts. To be eligible to receive grant funds the grantee must be operating a business, selling goods and services from the address described in the grant application and contract documents.
- No grant will be made to an individual or entity that is delinquent in their City of Milwaukee Property Taxes.
- No grant will be made to a project locating in a building with unabated Building Inspection Orders.
- No grant will be made to a project locating in a building owned by an individual or entity that has outstanding unabated Building Inspection Orders on another property owned by that individual or entity.

H. Project start-up and cost eligibility: Costs that are eligible for reimbursement, or costs that are eligible for consideration as part of the match cannot be incurred prior to the submittal (to the Department of City Development) of an application or a letter of intent to apply. A letter of intent must provide sufficient detail to enable a preliminary determination of project eligibility. All costs incurred by the applicant prior to the receipt of a fully executed grant contract are incurred at the risk of the applicant.

I. Grantee start-up window:

- All financing commitments, lease or other commitments as well as all necessary binding obligations must be in place and evidenced to the grantor within the three-month period starting upon the date of the Grantee/grantor award meeting. Such meeting shall be scheduled as quickly after Committee action as possible. Extensions can be requested in writing by the grantee prior to the end of the three-month period. Applicants can reapply to the fund after the three-month period, whose grant has been terminated.
- Annually, final RIF funding allocations will be made at a mid-September Committee meeting. Projects that have not successfully completed the above stated requirements (including the job creation obligations presented in paragraph C. above) by the end of the calendar year will be considered for termination of contract and rescission of the grant. A waiver of this provision may be requested by the grantee and will be considered by the grantor.

- J. **Funding cycles and submittal deadlines:** During the course of the year, the RIF Committee will meet on or around the following dates. Applications to be considered at those meetings must be received at DCD at the indicated date, which is typically the first day of the month in which the Committee Meeting is held:

Approximate Meeting Date	Dead line for submittal to be considered at this meeting
Mid-February	On or Before February 1
Mid-June	On or Before June 1 ²
Mid-September	On or before September 1

- K. **Applicant Responsibilities** during grant period:
- Complete and submit to the City all required Job Verification forms for each job created;
 - Submit to the City all agreed upon progress reports;
 - Submit to the City all required evidence of project implementation as described in the grant contract.

² Note, in Yr. 2001 the June meeting has been postponed to Mid-August with the submittal deadline being moved to On or Before August 1, 2001.

The Targeted Neighborhood Business Districts

- **West Appleton Ave.** (60th St. to 92nd St.)
- **Avenues West** (Highland Ave. (N), I-43 (E), I-94 (S); 28th Street (W)) – **BID # 10**
- **West Burleigh St.** (Sherman Blvd. To 60th St.) and (76th St. to 92nd St)
- **West Capitol Dr.** (Atkinson, Capitol and Teutonia area); (51st St. to 68th St.), (68th St. to 76th St.), and (76th St to 92nd St.)
- **West Center St.** (Sherman Blvd. To 60th St.)
- **South Chavez Dr.** (National Ave. to Greenfield Ave.)
- **West Fond du Lac Ave.** (Garfield Ave. to Auer Ave.), (Auer Ave. to Capitol Dr.), (Capitol Dr. to Hampton Ave.)
- **West Greenfield Ave** (Chavez Dr. to 27th St.)
- **South Kinnickinnic** (Becher St. to Oklahoma Ave.)
- **West Lincoln Ave.** (I-94 to 20th St.) and (20th St. to City Limits)
- **West Lisbon Avenue** (76th St. to Capitol Dr.)
- **Dr. Martin Luther King Jr. Dr.** (McKinley Avenue to Locust Street) – **BID # 8**
- **West Mitchell St.** (I-94 to 15th St.) – **BID # 4**
- **West Muskego Ave.** (Mitchell St. to Forest Home Ave. -- **TIN**)
- **West North Ave.** (Milwaukee River to MLK Dr.), (MLK Dr. to I-43), (I-43 to Fond du Lac Ave.), (19th St. to 30th St.), (30th St. to Sherman Blvd.-- **TIN**), (Sherman Blvd. To City Limits)
- **National Ave.** (1st to 12th Streets and the "Walker's Point" area in general) and 18th Street to City Limits)
- **Riverwest** (Locust Humboldt to Holton) and (Center Humboldt to Holton)
- **South Howell Ave.**(Wilbur St. to Layton Ave.)
- **Uptown Crossing** (North Ave. Sherman Blvd. to 60th Street and Lisbon Ave. (45th St. to 52nd St.) – **BID # 16 and TIN**
- **West Silver Spring Dr.** (26th St. to Sherman Blvd.), (51st St. to 57th St.), (57th St. to 65th St.-- **TIN**), and (Fond du Lac Ave. to 92nd St.)
- **West Villard Ave.** ((27th St. to Sherman Blvd.) – **BID # 19**
- **West Vliet St.** (12th Street to 15th Street), (the vicinity of 35th St.) and 47th St. to City Limits)
- Projects that are part of a larger, acknowledged significant redevelopment effort might also be eligible (e.g. if they are located in a **TIN** --- Targeted Investment Neighborhood). However, the Applicant must submit materials substantiating their claim that the particular commercial district in which they are locating should be considered as eligible for inclusion in the RIF Program.

For additional information call Michael Brodd at (414) 286-5845 or use email at mbrodd@mkedcd.org

Please submit application materials to:

Michael Brodd
Department of City Development
809 N. Broadway
Milwaukee, WI 53202

LaCAUSA



L A C A U S A

Where Children and Families Come First

July 23, 2002

To: Juanita Hawkins
Director CDBG

From: David A Espinoza,
President and CEO

Re: CDBG Request

Enclosed please find our revised narrative and budget per your request. Please note that the first part of this narrative is introductory, please refer to page 2 that explains housing specialist activities, financing and other activities.

The budget has been revised to reflect a 5 month rather than annual cost. Thank you for your consideration.



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HOUSING PROJECT

History

As a grass roots organization on the south side of Milwaukee, La Causa has historically been involved with housing, mostly relating to assisting families involved with La Causa in obtaining suitable housing.

Two years ago, La Causa decided it needed to take a more active role in housing. This decision was based on several factors:

1. much of the housing stock available on the south side is owned by absentee landlords and often left unattended – both on the inside and outside creating poor living conditions and neighborhood blight.
2. La Causa believes that if residents of the area became home owners that there would be a greater sense of pride in the neighborhood.
3. La Causa has become one of the areas largest employers with over 350 employees and continuing to create employment opportunities at family sustaining wages. By the end of 2002 we expect to have in excess of 400 employees.
4. Over half of La Causa's employees have never owned a home, and would like to own either a single family or duplex within La Causa's primary target area: 43rd St. to the West, Morgan to the South, 1st St./Kinnikinnic to the east and the industrial valley to the north.

With this in mind La Causa developed a relationship with South Community Organization and the National Council of La Raza to help employees realize their dream of home ownership, creating the Walk to Work Program. The National Council of La Raza (NCLR) provided some working capital for acquisition and renovation and the South Community Organization began to work with La Causa employees, providing homeownership classes, assisting with credit problems and securing loans. SCO's housing focus as it relates to La Causa employees is to purchase rundown homes in the target area, renovate them and sell them to La Causa employees. Employees may be involved in the selection of a home, in the rehab plans and may help reduce the size of the loan by assisting with such things as dry wall, painting and other tasks that will reduce rehab expenses.

La Causa's Walk to Work program has obtained a small grant from H.O.M.E. to assist with down payments which is handled through La Causa's Human Resource Department. This program works as follows:

1. An employee may locate a home they would like to purchase in the target area and provided the necessary information from a lending institution to being the process of assisting with downpayments.

2. La Causa's HR staff may refer employees who express interest in owning or home or who may be in the process of looking for a home to SCO for classes and assistance with financing.
3. La Causa owns property on which it can build several new homes that are within a block one of 3 La Causa centers located on the corner of S. 8th St. and W. Greenfield Avenue. focus
4. La Causa will provide up to \$1,500 in down payment assistance to staff who are first time buyers.

The Walk to Work Program is being handled by existing staff members. In order to become actively involved with home renovation, La Causa will need a Housing Specialist.

The Housing Specialist hired with CDBG funds will perform the following activities:

1. Identification and acquisition of houses targeted for moderate rehabilitation and in compliance with city codes, whereby making the homes safe and sanitary
2. Renovation of property to include
 - a. respective renovation budget
 - b. acquisition of bids and contract negotiations
 - c. supervision work in conjunction with building inspectors
 - d. completion of work in a timely basis and within budget
3. Market the properties to 3 target populations
 - a. Existing staff
 - b. Foster parents
 - c. Licensed family child care providers
4. Referral of buyers to home buying counseling programs
5. Assist buyers in identifying and securing financing
6. Work with buyers throughout purchase process until closing
7. Help identify home repair and maintenance services

The National Council of La Raza provided La Causa with a line of credit of \$125,000 for acquisition and renovation of properties for this project with the intent to increase it as the acquisition and renovation demand grows. Interest rate on this money is 5%. LISC has also made available financing up to 80% of cost for acquisition and renovation of these houses. Once we identify a property we will submit an request for financing to LISC on the merit of each individual property.

We expect that we will be able to renovate and sell 2 homes before 12/3/101. The cost of this project for the balance of 2002 is \$28,083. Please refer to attached budget.

La Causa, Inc. Housing Budget		Annual	5 mos
Housing Specialist		\$40,000	\$ 16,667.00
Fringe Benefits	25%	\$10,000	\$4,166.67
Subtotal Salary and Fringe		\$50,000	\$ 20,833.67
Other Costs			
Travel	6,000 miles x .32 per mile	\$1,920	\$800.00
Space Costs	\$250 per month x 12 mos	\$3,000	\$1,250.00
Supplies, copy costs, postage		\$680	\$283.33
Telephone	\$75/month x 12 mos	\$900	\$375.00
Computer		\$2,000	\$ 2,000.00
Subtotal Other Costs		\$8,500	\$4,708
Administration @ 10%		\$6,500	\$ 2,541.00
GRAND TOTAL		\$65,000	\$28,083
Administration costs include: accounting and payroll, human resource services, audit, secretarial support, supervision of housing specialist			



Where Children and Families Come First

file: LaCausa-
2002 (Side 3)

2002 JUL 15 11:22

cc: J.H.
H.W.
N.R.
B.B.

July 11, 2002

Ms. Juanita Hawkins - Director
Community Block Grant Administration
Room 606, City Hall - 200 E. Wells Street
Milwaukee, WI 53202

Dear Ms. Hawkins:

La Causa, Inc. is pleased to submit this request for your review. We look forward to your partnership in our cooperative efforts to increase homeownership in Milwaukee.

Our proposal requests \$65,000.00 for calendar year 2002 for home ownership efforts for La Causa's Walk to Work Program and the availability of home ownership for Foster Parents and Family Child Care Providers.

We have secured a line of credit from the National Council of La Raza for \$125,000.00 for acquisition and renovation of properties. This line may increase based upon performance. Together with La Raza's funds and the City grant we can operationalize and sustain the purchase, rehab, and sale of properties to increase home ownership in Milwaukee.

For over 30 years La Causa has been a major provider of services, working with families to improve their quality of life. Our ongoing investment in our staff and families promotes and develops a stable community.

Thank you for your interest in La Causa, Inc. We look forward to another successful collaboration with the City.

Sincerely,

David A. Espinoza (p/d)

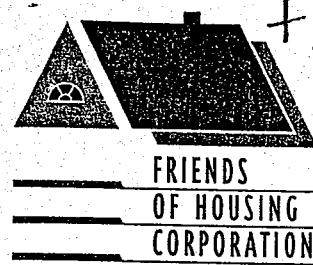
DAVID A. ESPINOZA
PRESIDENT & CEO



26

FRIENDS OF HOUSING

2002 JUL 15 PM 2:45



File: Friends of Hsg. - 200, (Side 3)

P.O. Box 772
Milwaukee, WI 53201-0772
414.463.3371 FAX: 414.463.4668

CC: J.H.
H.W.
TD

Board of Directors

Nacarci Feaster
Business Representative
Laborer's Union - Local 113

Martha Brown
Development Center Manager
Department of City Development

Maria Prioletta
Housing & Neighborhood
Development Manager
Department of City Development

Michael L. Morgan
Program Related Investments
Helen Bader Foundation

Margaret Henningsen
Vice President, Mortgage Lender
Legacy Bank

July 12, 2002

Juanita Hawkins, Block Grant Director
Community Block Grant Administration
200 East Wells Street
Milwaukee, WI 53202

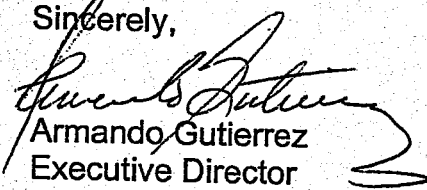
Dear Ms. Hawkins:

This is in response to the additional information you are requesting for the property at 1548 W. Center Street. The property will be utilized for rental to a family that would qualify as a low-income family. The work is scheduled to begin within the next week to 10 days and should be completed by the end of the year.

The original estimate for the work on the property is for \$107,100. We anticipate up to another \$8000 to \$10,000 for increased pricing as well as additional work that might be required and about \$1000 for insurance. Administrative costs will be approximately \$5000 to \$6000.

I am including the scope of work for the property. Please let me know if you require additional information. Thank you for taking the time to review this request.

Sincerely,


Armando Gutierrez
Executive Director

2/15/02

ADDRESS: 1548 W. Center St.

OWNER: Friends of Housing Corporation

COST ESTIMATE

of Bedrooms 3
of Bathrooms 1.5
Sq. Ft. Building TBV

DIVISION

COST ESTIMATE

Permits and Fees	
Asbestos and Hazardous Materials Removal (in Demo scope)	\$1,500
Demolition	6,430
Sitework	0
Concret	3,650
Masonry	4,860
Roofing	7,460
Interior and Exterior Rough Carpentry, Including Porches	15,850
Interior and Exterior Finish Carpentry	9,550
Siding, Trim and Gutters	8,830
Rough Plumbing	3,800
Finish Plumbing	2,230
Rough Heating	3,595
Finish Heating	2,200
Rough Electrical	4,100
Finish Electrical	2,270
Replacement Windows	5,560
Insulation	4,950
Drywall and Plaster	8,825
Painting and Staining	5,300
Flooring, Hardwood, Vinyl, Carpet and Tile	4,195
Landscaping	1,945
TOTAL	\$107,100

File - Friends of Housing - 2002
CC: J.H.
T.D.
H.W.



P.O. Box 772
Milwaukee, WI 53201-0772
414.463.3371 FAX: 414.463.4668

2002 JUN 11 PM 3:53

June 9, 2002

Board of Directors

Nacarci Feaster
Business Representative
Laborer's Union -Local 113

Martha Brown
Development Center Manager
Department of City Development

Maria Prioletta
Housing & Neighborhood
Development Manager
Department of City Development

Michael L. Morgan
Program Related Investments
Helen Bader Foundation

Margaret Henningsen
Vice President, Mortgage Lender
Legacy Bank

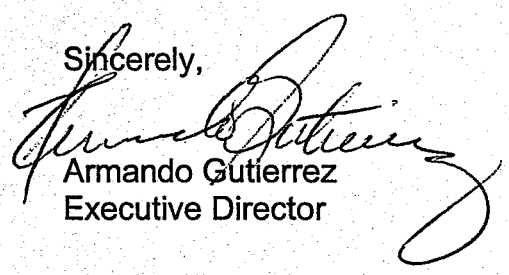
Juanita Hawkins, Block Grant Director
Community Block Grant Administration
City Hall Room 606
200 East Wells Street
Milwaukee, WI 53202

Dear Ms. Hawkins:

As I stated earlier this year the Friends of Housing Corporation purchased a vacant property at 1548 W. Center Street. This property was extremely vandalized and is an eyesore along Center Street. We are using the home to provide training in the building trades to members of the Milwaukee Community Service Corps. We also would like to apply to receive HOME funds to do the rehabilitation for this work.

We have done a complete scope of work and with administrative costs we anticipate that the total rehabilitation will amount to about \$123,000. Could you please let me know if there are HOME funds still available and if they are what will be required to apply for those funds?

Thank you for your consideration in this matter.

Sincerely,

Armando Gutierrez
Executive Director

MILWAUKEE MIDTOWN HOUSING CORPORATION

MILWAUKEE MIDTOWN HOUSING CORPORATION

Housing for the Handicapped & Disabled



P.O. Box 080784 Milwaukee, WI 53208

25 July, 2002

2002 JUL 26 AM 9:15
C B G A

Ms. Juanita Hawkins
Community Block Grant Administration
City of Milwaukee, City Hall
Milwaukee, WI.

Re: Affordable Housing for the Disabled

Dear Ms. Hawkins:

This letter is written to you to enumerate the steps taken up until this time to secure lots and provide housing for the disabled. We have been in process of meeting all the requirements for two years.

1. I have the support of Alderman Henningsen whose territory includes the location.
2. I received a letter of support recently from the Redevelopment Authority for the development of five owner occupied homes on these lots.
3. My architect has been successful in getting both aesthetic and site plan approvals for affordable homes within the Central City area. We are near the point of overall approval and should have it within the next few weeks.
4. We have a budget of \$100,000 per house established on the basis of modular housing built in the Central City of Milwaukee.
5. I have a commitment from my bank for the first \$100,000 to build a model.
6. I have a Phase II environmental investigation that states there are no large metal tanks hidden on the site that might contain home heating oil.
7. We have received a variance for a 20 foot setback distance to accommodate construction of a front ramp approved by the Board of Zoning Appeals at their July 2002 meeting.
8. We have the support of Independence First to build housing for the disabled.

It should be noted that disabled individuals' incomes are generally significantly below the County Median Income (CMI) of Milwaukee County and although they are probably as credit worthy as



(414) 870-2931



Fax (414) 302-0354




30

other individuals who are currently buying within the Central City, the grants to assist them in the initial purchase may require similar help given to the first City Homes buyers.

Thank you for your time.

Sincerely yours,



John C. Poelstra
Facilitator

cc: Alderman Henningsen

PROJECT DESCRIPTION

Executive Summary

Milwaukee Midtown Housing Corporation (MMHC) requests \$250,000 as forgivable grants to low income disabled home owners for homes to be built on W. Vliet Street between 28th Street and 29th Street in NSP area 11. These LID funds will be less than 40 percent of the total cost of the project. The leverage ratio is 5 to 2.

MMHC intends to build at least 100 single family homes over the next 5 years. This will result in a taxable investment of \$10 million in a concentrated Midtown area. The facilitator has a track record of over 30 years in rehab of homes in the Midtown area.

Project Description

MMHC is seeking funds to offset extraordinary down payment requirements for persons with disabilities. They normally earn far less than 80% of CMI and require greater assistance in owning a home and consequent reduction in monthly payments.

MMHC has been working with the Redevelopment Authority for the past year and has a commitment for an initial 6 lots. Layouts have been provided and home designs submitted.

The short term goal is to build 5 decent affordable houses on W. Vliet Street between 28th Street and 29th Street, each of which will be equipped for the visual, hearing and mobility impaired who are of low to moderate income.

The long range goal, over the next five years, is to build 100 affordable homes on land owned by the City and available to MMHC throughout the community.

The houses are estimated to cost \$100,000.

Location

The Project is located in NSP area 11.

Partnerships

MMHC has broad based support and partnerships required by this development.

Local Lenders (loans to home owners)	First Star Bank Any bank that lends for new affordable homes in the Central City
Public Institutions	Redevelopment Authority of the City of Milwaukee (MMHC will partner with the appropriate authority as required by CBGA for the distribution of funds to home buyers)
Utilities	Wisconsin Electric Power and Gas Company
Community Interests	NOHIM organizations for pre-approval of buyers. Movin' Out, a state-wide organization assisting the disabled. Independence First, a disability organization

Budget Total \$10,000,000

Fund Request \$250,000

SELECT MILWAUKEE COMMUNITY GOLD

What is Select Milwaukee's proposal?

Select Milwaukee and Firststar have a long-standing, solid partnership to promote affordable homeownership and a track record with the Community Gold product. Select Milwaukee is committed to taking the lead role of administration to improve, enhance and promote this product to achieve its full potential. The commitment includes providing customers a complete package of education, financial guidance and assistance required for purchase rehab transactions. The proposal includes:

Streamlined administration – As the pivotal contact for the client, Select Milwaukee would have complete, current information on the file's status. This direct and ongoing involvement should eliminate the many problems that can arise from miscommunication among too many parties in the transaction and unburden the client from providing multiple sources with duplicate information. It would be Select Milwaukee's responsibility to provide Firststar with all documentation, discuss and resolve construction issues, directly administer grant/second mortgage assistance programs and provide post purchase mediation between the client and contractors.

Expeditors – Multiple vendors available to provide construction-expediting services would be a major improvement to Community Gold. Select Milwaukee will work with Firststar and others to ensure the availability of multiple expeditors. This will allow a buyer to choose an expeditor on the basis of confidence in the vendor and the one that offers competitive pricing for the project. In addition, this will relieve any one expeditor from the workload of all projects.

Secondary financing – Select Milwaukee is pursuing several options for supplemental financing in partnership with Firststar and LISC. Secondary financing should be designed to mirror Community Gold underwriting to avoid conflicting restrictions and requirements. The availability of grant funds to complete a rehab project fuels the interest of first time homebuyers, decreases the bank's exposure to loss and allows the full advantage of Community Gold's 120% CTLV to be gained. Select Milwaukee would originate and administer the secondary financing programs. This direct involvement from start to finish would prevent last minute funding problems from arising.

Appraisers – Ensuring involvement in the project of appraisers thoroughly familiar with city markets and informed about neighborhood initiatives is critical to the determination of an accurate after-rehab value of a property. Select Milwaukee has identified a number of appraisers skilled in this area.

Clarity of guidelines – Clear channels of communication between Firststar underwriters and Select Milwaukee staff are essential to a smooth process flow. All guideline changes for buyer and property must be communicated to Select Milwaukee.

Disclosing costs – Select Milwaukee will help ensure that there are no hidden or surprise costs at closing. Fees for code compliance, if required, will be disclosed to the client early in the process. Select Milwaukee fees will be outlined to the client at an initial meeting. Expeditors will provide written bids for their work.

Preservation of Milwaukee's current housing stock is essential. The architecture value and quality of original construction make Milwaukee homes the envy of cookie cutter subdivisions. Losing this most valuable treasure would diminish the quality of life and unique character that is essential to the appeal of urban life in Milwaukee.

SELECT MILWAUKEE/US BANK

COMMUNITY GOLD CONVENTIONAL PURCHASE/REHABILITATION FINANCING

Overview

Select Milwaukee seeks a minimum of \$250 - \$300,000 HOME funds allocation to assist low and moderate income families with the purchase of homes requiring a moderate amount of repairs (\$10 - \$20,000). Homes would be purchased through the private market. Select Milwaukee currently has 8 - 10 purchase-ready customers prepared to move forward immediately with a purchase.

The Need for a combined purchase & modest rehab mortgage program

- Many lower-priced/affordable homes available in Milwaukee (\$40 - \$60,000)
- Families with incomes from the high-teens & up can afford
- Many modest income families are pre-approved for conventional financing in this range but unable to find suitable homes
- Most of these properties require some work, but not gut rehab — roof, mechanicals, minor cosmetics — \$10 - \$20,000
- After repair value doesn't support combined purchase/rehab costs because roof/mechanicals don't add much to value
- Example
 - \$45,000 sale price
 - \$15,000 repairs
 - Total cost: \$60,000
 - After-repair value: \$50,000
 - Maximum mortgage: \$48,500
 - Gap: \$11,500
- Without source of funds to bridge gap:
 - Low/mod income family cannot afford property
 - Property most likely to become absentee-owned
 - Failure to seize opportunity to improve property, increase owner-occupancy
 - Lose private investment
- Low/mod income family can't achieve dream of homeownership, accumulate wealth

Key Product Features

- Unlimited potential to meet housing needs of bankable low/mod income families
 - Helps bridge affordability gap of purchase/rehab costs & after-rehab value
 - Improves older housing stock
 - Increases affordable homeownership options for low/moderate income buyers
 - Assures quality housing
 - Leverages more resources for property improvement
 - Reduces use of sub-prime financing for rehab projects
- Provides pre-purchase guidance & advice
- Provides construction expeditor services
- Permits 120% Combined Total Loan to Value (combination of first & second mortgage, relative to after-repair value, as in example)

Select Milwaukee Proposal

- Significantly streamlined administration by Select Milwaukee
 - Homebuyer guidance & counseling
 - Prepares complete loan package
 - Links buyer to all resources — construction expeditor, contractors
- Builds on long-standing partnership between Firststar and Select Milwaukee
- Promote product through real estate industry listings — increase owner vs. absentee occupancy
- Can be geographically targeted
- Market demand minimally 25 - 30 purchases in 2002; much higher in full year
- Minimum of \$250 - \$300,000 HOME funds allocation to Select Milwaukee for gap financing
- Maximum soft second: \$20,000

COMMUNITY GOLD PURCHASES BY ALDERMANIC DISTRICT

2000 - 2001

<u>District</u>	<u>Number of Purchases</u>
2	8
3	1
4	4
5	1
6	8
7	1
9	1
11	1
13	2
14	2
15	2
16	5
17	1

PURCHASE REHABILITATION FINANCING

A growing number of today's first time home buyer's are attracted to the prospect of purchasing and restoring an older home. Combining the purchase with the cost of the needed repairs has been challenging for lenders. In 1999 Freddie Mac introduced its Community Gold and Rehabilitation Loan program to the Milwaukee market. Five major lenders signed on to offer the Community Gold program at its inception; however, Firststar is the only lender that agreed to originate the rehabilitation component of the program.

The response by the community to use this product has been fantastic but the often onerous and layered system of originating the program has been a deterrent to more production. Many properties fell out of contract because the transaction could not be completed in a timely fashion. Sellers opted to accept cash offers from investors, often dooming properties to absentee status and neighborhoods to the distressed condition.

At its best the program has been a windfall for emerging markets like Riverwest and Cold Spring Park, where it has been most extensively used. Opening up the purchase/rehab option in these neighborhoods has hastened an increase in owner occupied homeownership and contributed to significant appreciation of value for existing housing stock.

In addition, this program has made first time homebuyer dreams come true for dozens people. People like Vicky.

➤

Vicky purchased a neighborhood board up in Riverwest using a sub prime lender. Vicky lived down the block from this home and appreciated what the home could be. In her dream, she was going to restore the home with sweat equity and professional contractors only as needed. Shortly after she began the task of restoring the home she realized she was in way over her head. At that time, she contacted Select Milwaukee for assistance. Because of the Community Gold program and the assiduousness of Firststar in figuring out how this project could be completed, Vicky is now a very happy homeowner with a wonderful property. Riverwest has one less board up!

➤

Another success is Daniel. Daniel rented on McKinley Boulevard. He loves the Cold Spring Neighborhood and wanted to become a homeowner there. He found a property just the right size around the corner from where he lived. The property had been blight on the neighborhood for years and housed disruptive tenants. He was able to obtain not only the mortgage for purchasing the property but received \$10,000 in grant funds to assist in the project! Not only did Dan reach his dream, but the neighborhood was relieved of a problem property.

Why is Community Gold needed?

In an attempt to accommodate a purchase rehab transaction, lenders attempt to use conventional products to finance the transaction. This band-aide approach usually involves an adjustable rate product and reluctance to escrows for repairs. The product does not consider all of the probable contingencies and safeguards needed to restore an older home, nor does it offer the buyer the financial protection of a fixed rate mortgage. The use of expert supervision and an expeditor for a project of this nature is fundamental but usually absent.

The Milwaukee market has many neighborhoods and prospective homebuyers for whom a quality purchase rehab mortgage product would be a boon — an essential tool for the improvement of housing stock and neighborhoods. Lenders abhor escrowing for basic repairs like new roofs, furnace replacement, foundation repairs and electrical upgrades, among many others. Sellers are often not able or willing to make these improvements prior to closing on a sale. Community Gold addresses each of these problems. Its standard operating procedures remove the stumbling blocks that “kill” deals. As a result, an owner occupant can purchase a property with the assurance that no major repair expenses are in the offing. Community Gold can play a key role in delivering safe, decent and affordable housing.

The Community Gold mortgage product in the Milwaukee market can help accomplish multiple goals:

- ◆ Improve older housing stock and stabilize neighborhoods
- ◆ Provide additional housing options for first time homebuyers
- ◆ Assure complete property restoration of basics
- ◆ Bring more resources to property improvement than other lending products
- ◆ Reduce use of sub-prime financing for rehab projects
- ◆ Provide affordable financing with low down payment requirements

How has Community Gold functioned in the past?

Community Gold has not reached its potential in Milwaukee for a variety of reasons. Several recommendations are offered to improve the overall Community Gold transaction and to significantly increase use of the product:

1. Reduce processing time
2. Offer multiple options for approved expeditor
3. Streamline the administration of use of grants/soft seconds
4. Provide homeownership specialist services to buyers for the entire process
5. Include mediation for post-closing project problems
6. Clearly outline buyers' responsibilities in the transaction
7. Develop contractor list – general and job specific – for clients to obtain bids
8. Reduce number of parties involved in the transaction