



March 8, 2010

To: Alderman Joe Davis, Sr., Chairperson, & Members of the Community and Economic Development Committee

From: Ray Schmidt, Executive Director

Re: Follow-up to February 22, 2010 Community and Economic Development Committee Meeting

Thank you for the recent opportunity to appear before the Committee to update members on the homeownership counseling work of Select Milwaukee. I am pleased to follow-up with the services results presented at the meeting to supplement the information we provide monthly to the Community Development Grants Administration.

Permit me to reiterate some of the points made by the housing counseling groups at the February 22nd meeting:

- It's a buyer's market – it is an excellent time to pursue homeownership – interest rates are reasonable, many affordable homes on the market and a variety of financial assistance, including Neighborhood Stabilization Program resources, is available
- All buyers are strongly advised to secure the services of a CDBG-funded home buyer counseling organizations; in fact, much of the subsidy, including NSP, requires that home buyers secure 8 hours of home buyer counseling services
- Quality mortgage financing is available, just a little more complicated to access – contrary to public perception; helping first-time buyers secure this financing is an invaluable service of the counseling organizations
- Counseling groups collectively are at maximum capacity with the tax credit, NSP and the season boosting traffic and foreclosure counseling efforts – additional support for our work would be a sound investment

Sales, mortgage investment and customer profile information for 2008 and 2009:

| | Select Milwaukee 2009 | Select Milwaukee 2008 |
|--------------------------------------|--------------------------------------|--------------------------------------|
| Loan closings (#) | 167 | 136 |
| Sales volume (\$) | 19.3 million | 16.9 million |
| Mortgage origination (\$) | 17.8 million | 15.7 million |
| Median sale price (\$) | \$110,000 | \$112,000 |
| Median mortgage amount (\$) | \$104,000 | \$101,421 |
| Customer subsidy (\$) | 867,304 | 682,686 |
| Pre-approvals carried over #) | 39 | 31 |
| Pre-approvals (\$) | 3,7305,087 | 3,181,143 |
| Customer Profile | | |
| Median household income | \$40,621 | \$40,700 |
| % Milwaukee Median Income | 73% | 70% |
| % Households headed by woman | 25% | 39% |
| % customers African-American | 42% | 49% |
| % customers Latino, other | 11% | 11% |

Customer subsidy noted above includes:

- \$95,000 City ADDI/HAP
- \$186,000 City NSP
- \$88,000 Wisconsin Housing Cost Reduction Initiative (HCRI)
- \$186,000 Federal Home Loan Bank of Chicago Affordable Housing Program (AHP)
- \$158,000 Employer-provided EAH benefits
- \$40,000 Individual Development Accounts (IDA)
- \$66,000 Select Milwaukee Purchase Assistance Loan (PAL)
- \$49,000 others

Additional homebuyer services in 2009 included:

- Homebuyer counseling and information provided 893 households
- 324 individuals attended 18 homebuying workshops
- 396 individuals attended 22 Select Milwaukee program orientations

Select Milwaukee's Employer Assisted Homeownership Program initiative with 10 employers including Aurora Health Care, Northwestern Mutual, Harley-Davidson, United Way, Visa Lighting, UWM, Milwaukee Center for Independence and Boys & Girls Clubs, in 2009:

- Created 86 new homeowners
- Generated \$158,000 employer-provided downpayment & closing cost assistance
- Secured \$10.2 million total mortgage investment

The value-added by home buyer counseling supported by the City is reflected in the significantly higher success rates of Select Milwaukee's counseled homebuyers. According to NeighborWorks® America, the 2.4% foreclosure rate of 529 Select Milwaukee purchasers 2005 – 2007 is significantly lower than Milwaukee County purchasers for the same period:

- 19% foreclosure rate for subprime borrowers
- 5% for all Milwaukee County borrowers
- 3% for prime-priced conventional borrowers

Each dollar of Select Milwaukee programs expenditure creates \$24 investment. The City's CDGA \$60,000 annual investment in Select Milwaukee's home buyer counseling program is an important resource – consistently demonstrating impressive leverage of private investment in owner-occupied homeownership. In 2009:

- \$21.3 Million in private investment – that's \$365 for each CDBG dollar
- \$867 Thousand in purchase & rehab subsidy – \$14 for each CDBG dollar

Select Milwaukee launched homeownership preservation counseling services in 2009 with the support of the National Foreclosure Mitigation Counseling program, administered NeighborWorks® America. We've had the opportunity to work closely with the Milwaukee Foreclosure Mediation Program and have helped the program achieve impressive results. We were able to assist twenty-one of 30 homeowners referred to us by the Program secure loan modifications. An additional 379 homeowners have received counseling and advice regarding the preservation of their status as homeowner.

As a chartered member of NeighborWorks® America, Select Milwaukee has enjoyed a wide-range of support that has translated into expanded capacity and expertise to serve Milwaukee families and help strengthen Milwaukee neighborhoods. NeighborWorks® has provided Select Milwaukee significant unrestricted operating and capital lending resources, extensive staff and board training opportunities in Wisconsin and at National NeighborWorks® Training institutes and technical assistance on a variety of topics to strengthen our capacity and performance.

Attached is information about our weekly Orientation Programs and Foreclosure Workshops – this is valuable information for your constituents. Please feel free to distribute.

Thank you again for your support and for your interest in our work. Please do not hesitate to contact me at rschmidt@selectmilwaukee.org or 414-299-3608 if you have any questions or need additional information.



WELCOME TO SELECT MILWAUKEE!

If you are thinking about purchasing a home in Milwaukee, join us to learn about the many ways Select Milwaukee can help you navigate your home purchase, including:

- Our comprehensive homeownership services
- Downpayment & closing costs incentives
- What documentation you'll need
- How to get started towards your purchase

FREE Monthly Orientation Schedule

1st and 3rd TUESDAY – NOON

2nd and 4th TUESDAY – 5:30pm
(no Orientation on 5th Tuesday)

Location

SELECT MILWAUKEE

2209 N. DR. MARTIN LUTHER KING, JR. DRIVE

(On the corner of King and Garfield, front entrance with a buzzer in upper left corner)

SEATING IS LIMITED - ORIENTATIONS START PROMPTLY

PLEASE ARRIVE EARLY OR ON TIME!!!

FOR MORE INFORMATION, PLEASE VISIT US @ WWW.SELECTMILWAUKEE.ORG OR CALL (414) 562-5070

Select Milwaukee, Inc. is a HUD-certified counseling agency. For over 15 years, Select Milwaukee has been a trusted nonprofit homeownership advocacy organization dedicated to assisting individuals and families purchase homes they can afford to stay in.

ARE YOU AFRAID OF LOSING YOUR HOME?



WHEN:

1st & 3rd
Tuesday of
each month

TIME:

6:00pm – 8:00pm
Sign in at 5:45pm

Workshop starts
promptly at 6:00pm

LOCATION:

**SELECT
MILWAUKEE**

2209 N. Dr. MLK, Jr. Dr.
2nd Floor

PRE-REGISTRATION IS
REQUIRED



HAVING TROUBLE PAYING YOUR MORTGAGE?

YOU ARE NOT ALONE. GET THE HELP YOU NEED!

**ATTEND ONE OF OUR *FREE* WORKSHOPS TO LEARN HOW
OUR HOMEOWNERSHIP PRESERVATION SPECIALISTS,
IRIS GONZALEZ & BRENDA BROWN CAN HELP YOU!**

SEATING IS LIMITED!!

CALL US AT (414) 562-5070 TO PRE-REGISTER

***OFFERED IN ENGLISH & SPANISH**

***NO CHILD CARE AVAILABLE**

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dedicated to assisting homeowners.