

City Clerk Kharat



Steven L. Mahan
Community Block Grant Director

**Mr. Ray Schmidt, Executive Director
Select Milwaukee
2209 N. Martin Luther King Jr. Drive
Milwaukee, WI 53212**

Dear Mr. Schmidt:

This correspondence is being provided in response to the Community Gold Purchase-Rehabilitation Homeownership Program Fact Sheet (the Fact Sheet) that was prepared and distributed by Select Milwaukee to the Common Council on September 23, 2003. **Critical information** contained in the Fact Sheet, and used to garner support for additional CBGA funding for your organization, is **inaccurate** and must be addressed immediately.

There is vast discrepancy between the documentation you have provided to CBGA and the information you provided to the Common Council in the Fact Sheet. Specifically, the statement “Since October 2002, 30 code compliant homes have been produced and sold to low-income first-time homebuyers, through Community Gold” is a false claim that cannot be substantiated by Select Milwaukee.

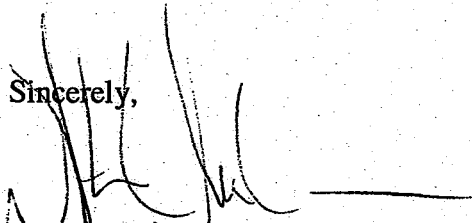
Our records (enclosed) show Community Gold activity, as reported by Select Milwaukee, from October 2002 through September 9, 2003 as 4 rehabilitated units completed. The contracted goal for this activity is 34 units. During the June 11, 2003 meeting with myself, Garry Werra, and Alderman Murphy's Staff, you acknowledged that a Community Gold project is not complete until it has been rehabilitated to a code-compliant condition. If your reported accomplishments are in error, please provide a revised activity report and the appropriate supporting documentation necessary to amend our records by October 3, 2003.

While the closing of a first-time homebuyer transaction is a noble accomplishment, it does not meet the contracted requirements and objectives of the City of Milwaukee or the Federal HOME Program. As such, we request that Select Milwaukee immediately revise and redistribute its Fact Sheet to the Common Council and other recipients of this document to accurately reflect the actual accomplishments of the Agency and the Community Gold Program.

Ray Schmidt
September 29, 2003
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If you have any questions or concerns regarding this matter, please contact me directly at (414) 286-3842.

Sincerely,



Steven L. Mahan
Director

Enclosures

cc: Home Project File
James S. Eckel, Board President
Honorable Members of the City of Milwaukee Common Council
Marcia Bergeson, U.S. Department of Housing and Urban Development



30 people

SELECT MILWAUKEE

COMMUNITY GOLD PURCHASE/REHABILITATION HOMEOWNERSHIP PROGRAM

FACT SHEET

Community Gold is a unique, highly cost-effective affordable housing production program. It provides pre-purchase guidance, technical assistance and grants of up to \$13,500 to assist low-income families purchase homes. Many modestly-priced homes in Milwaukee are affordable to low-income homebuyers, but are in need of repairs the costs of which are not affordable to the buyer. Grants are provided to cover the costs of repairs necessary to bring a home to code compliance. Typical repairs are roof replacement, lead abatement and mechanicals updating — electrical, plumbing and heating. Grant funds are escrowed at closing and released upon satisfactory completion of work. Certificates of code compliance are required. Repairs are usually completed after the homebuyer has moved into the home.

Community Gold is a private market mortgage product offered by Freddie Mac & local lenders, administered by Select Milwaukee and private sector partners. The program serves homebuyers across the city, with purchases in 13 of 17 Aldermanic Districts.

*** Since October 2002, 30 code compliant homes have been produced and sold to low-income, first-time homebuyers, through Community Gold.**

- ***Community Gold produces truly affordable housing for modest income families***
 - \$72,030 is the average sale price
 - 57% of purchasers have had household incomes between 31 – 60% CMI
 - 10% of purchasers have had household incomes below 30% CMI
 - 33% of purchasers have had household incomes between 61 – 80% CMI
 - 47% of purchasers were African-American
 - 17% of purchasers were Latino
- ***Community Gold HOME investment leverages significant private investment***
 - Total HOME investment of \$427,000
 - Private mortgage investment of \$2,105,500
 - One HOME dollar leverages almost \$5 private dollars
 - Average HOME “subsidy” is only \$13,000
- ***Community Gold is a private market-driven housing production program***
 - Homes are sold through the private market
 - 86% of investment, on average, is private funds
- ***Community Gold increases owner-occupied homeownership in the city***
 - Without HOME funds, homes produced and sold would likely have been sold to absentee owner & not made code compliant
 - With HOME funds, 67% of purchasers would not have been able to purchase a code-compliant home with conventional financing
 - Pre-purchase counseling & guidance together with technical assistance for rehab, help ensure long-term successful homeownership

2003 Project Activity Report (Reprogramming-Approved by CC 6/3/03)

Organization: Select Milwaukee, Inc.
 Report #: Reprogramming
 Account Number: HM9610200000

Prepared By: Raymond Schmidt Date 9/9/03
 Accepted By: APPROVED SEP 11 2003

ACTIVITY: Select Milwaukee Community Gold Conventional Purchase/Rehabilitation Financing

Principal Project Activity(s)	Measurement	2002	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Total
Close purchase/rehabilitation transaction	# Home purchases closed	Plan	8	2	2	2	2	2	6	4	3	3			34
		Actual	3	1	3	1	0	2	2	3	5				20
	# rehabs completed	Plan		2	2	2	2	2	4	4	2	2	3	5	34
		Actual							1	1	2				4
		Plan													
		Actual													
		Plan													
		Actual													

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