



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Meeting Minutes SPCL. JNT. CTTEE. ON THE REDEVELOPMENT OF ABANDONED AND FORECLOSED HOMES

ALD. ROBERT BAUMAN AND STEVE CHERNOF, CO-CHAIRS
Ald. Joe Davis, Sr.; Ald. Willie L. Hines, Jr.; Antonio Perez,
and Maria Prioletta,
Staff Assistant, Linda Elmer, (414)-286-2232
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Monday, March 1, 2010

9:00 AM

Room 301-B, City Hall

Meeting convened: 9:05 A.M.

Present 4 - Hines Jr., Prioletta, Davis and Bauman

Excused 2 - Chernof and Perez

1. Review and approval of the minutes of the January 25 meeting.

Ald. Davis moved for approval. There were no objections.

Roll call taken at 9:12 A.M.

Present 5 - Hines Jr., Prioletta, Davis, Bauman and Perez

Excused 1 - Chernof

2. Update from the Department of City Development, Community Block Grant Administration and the Dept. of Neighborhood Services related to the city's plan for dispersal of Neighborhood Stabilization Program Funds.

Ms. Prioletta said that private agencies have been asking the city if they can use Neighborhood Stabilization Program (NSP) funds for demolition. Ms. Prioletta noted that if the city demolished properties, that cost would be applied to the tax roll. Ms. Prioletta wanted to know if members are averse to the city using NSP or NSP 2 funds for demolition, as this activity has not yet been funded. Pres. Hines thinks the city should explore this option and ensure that the overall economic benefits to the city are met. Ald. Bauman agrees with Pres. Hines and that there shouldn't be an absolute prohibition to using these funds for demolition, but each request needs to be looked at individually. The Joint Committee discussed the proposed demolition/development at 6th and Walnut by Sojourner Truth House and possible city/private funding combinations for the demolition costs. Mr. Dahlberg, Department of Neighborhood Services, noted that his department has also gotten requests to demolish specific properties in order to remove blight and lead to catalytic projects. Pres. Hines noted that maybe staff and a member of this body would want to create a

policy related to use of NSP funds for demolition projects. Mr. Perez said that the property at 6th and Walnut is a true blight on the neighborhood and something does need to be done with this property. Ms. Prioletta will create demolition-funding guidelines to bring to this body, which will then probably be referred to the Common Council. It was also discussed having the Common Council decide if demolition would be funded on individual projects rather than creating guidelines. Mr. Dahlberg will research on whether his department has the authority to remove charges from the tax bill that his department had previously applied to the tax bill.

Ms. Prioletta stated that banks are bundling foreclosed properties for sale, without regard to geographic location. This has resulted in many lower-value Milwaukee properties being bought merely because they are part of a group that contains higher-value properties. The end-result is that these lower-value properties are not being maintained by the purchaser. Ms. Prioletta also wanted to know if Committee members wanted the Department to speak to the City Attorney's Office about foreclosing on specific properties that are already in the hands of investors, who are basically ignoring the properties and failing to pay taxes/charges because they were included as part of a bundle, and have the city use NSP funds to rehabilitate these properties. Currently the process is quite complex to initiate an accelerated foreclosure, so maybe the Council could get involved to make the process a simpler one. Ald. Davis encouraged the department to speak to Congresswoman Moore's office about banks bundling up foreclosed properties to sell them and the resulting harm to Milwaukee.

Ms. Prioletta noted that there are discussions related to instituting a fee to partially cover the city's costs related to foreclosed properties. The purchaser would be responsible for this fee, and with two-thirds of the purchasers being investors, the financial burden would typically fall on investors rather than private individuals. Ms. Prioletta stated that 1,000 foreclosed properties were sold last year. Ms. Prioletta is willing speak with the City Attorney's Office about what legislative change would need to be made - which might be at the state level. Pres. Hines would also like to investigate a means of getting the city's costs related to specific properties at the time of sale. Ald. Davis would encourage the Department to talk with the City Attorney's Office about legislation targeted solely at first-class cities and with a sunset provision. Mr. Dahlberg noted that the Department of Neighborhood Services could institute an exterior and interior inspection of foreclosed properties prior to sale and charge accordingly.

Ms. Prioletta noted that the Department is still doing weekly outreach events to increase home sales. The Department has also been working hard on getting properties into the landbank - there are currently 6 properties in the program and 6 properties with pending offers. There are two contingencies on properties getting into the programs - one related to the appraised value or broker's price opinion of the property and the other related to an environmental inspection (both of which are U.S. Housing and Urban Development program requirements). These two requirements, according to Mr. Perez, do slow down projects and increase costs. Ms. Prioletta noted that foreclosed-property owners, even if offered full-price or slightly above full-price offers, will still not sell to the city; perhaps it's due to the bureaucracy involved or they received a slightly higher offer. Ald. Bauman saw the need to use the city's foreclosure abilities more aggressively to respond to some of the issues faced by the city. Pres. Hines asked about the use of condemnation and the city's eminent domain powers on specific properties rather than solely foreclosure actions. Ald. Davis noted that grassroot efforts could also be used to pressure banks to work with the city, rather than just dumping property onto another out-of-state investor who has

no intention of maintaining the property. Ms. Prioletta noted that the Department is tracking who the properties end up with once a bank forecloses on a property. Ald. Bauman and Ald. Davis noted that the City Attorney's Office needs to be more proactive in looking at solutions to the issues faced by the city related to foreclosed and poorly maintained properties.

3. Set next meeting date and agenda.

April 12 at 9 a.m.

*Meeting adjourned: 10:18 A.M.
Linda M. Elmer
Staff Assistant*