



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Meeting Minutes

HOUSING TRUST FUND ADVISORY BOARD FINANCE SUBCOMMITTEE

VINCENT LYLES, CHAIR

Cathie Madden, Vice-Chair

Brian Peters, Ray Schmidt, Bethany Sanchez

Staff Assistant, Terry MacDonald

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Monday, August 6, 2007

3:00 PM

Room 301-B, City Hall

Meeting Convened: 3:12 P.M.

1. Roll call

Present 3 - Madden, Peters and Lyles

Excused 2 - Sanchez and Schmidt

Also present: Leo Ries-Program Director-Local Initiatives Support Corporation (LISC) of Milwaukee; Martha Brown and Maria Prioletta staff from Department of City Development; Craig Kammholz-Member of the Housing Trust Fund Advisory Board; Ms. Heather Dummer Combs-Member of the Housing Trust Fund Advisory Board

2. Approval of the minutes of the July 2, 2007 meeting

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

3. Update on legislation relating to the Housing Trust Fund

Mr. Lyles said that there was legislation presented as part of the state budget that would allow a portion of the real estate transfer fee to be dedicated for housing trust fund activities. He said his last recollection of that bill was that it was taken out of the state budget and that there was an attempt to reintroduce it.

Ms. Dummer Combs replied that it was taken out of the state budget.

Ms. Madden asked if there is any legislative limits for any of the other funding sources that have already been discussed? She also asked if there has to be a dedicated source of funding for the housing fund?

Mr. Ries replied that a dedicated source of funding has been the goal for the housing trust fund and that there is no limit to what can be done and that they should go after every possibility. He further said that there are some funding sources that they know would not be fruitful.

Ms. Dummer Combs said state statute will limit some funding options.

Mr. Reis said that state statutes can be changed.

Ms. Madden said she doesn't want this subcommittee to discuss options that aren't

possible.

Mr. Ries said that he is disappointed that the TIF legislation was pulled out of the Governor's budget. He said it seemed that the TIF was a modest proposal and asked if anyone knew why it was pulled.

Mr. Lyles said the fiscal impact statewide might have been pretty substantial.

Mr. Ries replied that it would have only applied to Milwaukee, because it was only for cities of the first class.

Ms. Dummer Combs said that the way the language was written in the state budget, it gave the local council the authority to extend a TIF.

Mr. Ries said that he recently read an interesting article in the daily reporter that said there is another proposed change to the TIF law that is receiving a lot of support from the League of Cities and other groups. He said the proposed change would allow the spending of TIF proceeds up to a ½ mile radius. He said that it is being tried out in Kenosha.

Mr. Reis said that at the last meeting he was supposed to follow-up on a couple of issues. He said the first was to follow-up with Foley and Lardner about tax advice, which he did and they referred him to a lawyer with National Equity Funds and the question he was to get answered is "How could they use the tax code to help advance the housing fund concept." He said he hadn't had the chance yet to contact National Equity Funds, but will do so by the next Housing Trust Fund Advisory Board Finance Subcommittee (HTFABFS) meeting. He said the second issue that he was going to follow-up on was to contact Mr. Seifert with Northwest Mutual Insurance Co. and asked him to appear before the HTFABFS to discuss investment options. Ms. MacDonald replied that she had contacted Mr. Seifert and he said that he would be on vacation this week and could not appear at this meeting.

Ms. Brown said that as far as she knew the City is in support of the proposed legislation to allow TID spending outside the boundary of the TID. She further said that based on the last few TID's that had gone forward, any extra monies that were squeezed out of the TID had been devoted to job training and that has been the Mayor's and the Council's priority.

Mr. Lyles asked if the Kenosha pilot is a result of new legislation or just the fact that the Kenosha had paid off its TID sooner than the prescribed time?

Mr. Reis replied that the legislators gave the approval for Kenosha to try out the TID program, therefore, it took an act by the state legislature. He said that the legislators are now talking about making it a statewide change to the TIF law. He said that it doesn't mean that the money has to be spent on housing. It could be spent on jobs.

Ms. Brown said the other option that was brought up was to use the extra TIF monies for transportation.

Mr. Ries said that maybe they could work on finding out what it would take to get the TIF legislation put back into the state budget.

Ms. Dummer Combs said that what might be more palatable on the state level in regards to the opposition of extending the life of a TIF is to give all municipalities the authority to make the decision to extend the life of a TIF. She said that anything that has Milwaukee

only tied to it is not going to get very far with the state legislature.

Ms. Dummer Combs said that the state is still working on its budget and that Senator Spencer Coggs had agreed to try and get the TIF put back in budget, but it didn't make the final short list to keep it in the state budget.

Mr. Lyles asked what is happening with the real estate transfer fee as far as the state budget.

Ms. Dummer Combs said that the idea that was put forth by the governor was to increase the real estate transfer fee and that the majority of the excess revenue would be use to support the court system and youth aid and a small percentage would be put towards housing.

Mr. Ries asked if any one knows if they are close to approving the review regulations for Fannie Mae and Freddy Mac? He said those are national trust funds that require a local match.

Ms. Prioletta replied that she doesn't know but she could find out.

4. Discussion on proposed funding sources for the Housing Trust Fund

Mr. Lyles asked Ms. Madden to give a brief overview on the research she had done on what other cities are using to fund its housing trust fund.

Ms. Madden replied that other cities housing trust funds are funded largely with public dollars, but that is changing due to city dollars becoming scarce. She said many cities are using private funding sources. For example, there are a couple of cities that are receiving funding from hospitals, because there is the realization that the impact of poor housing increases poor health, which increases health care cost.

Ms. Madden said Mr. Peters brought up the use tax at the last meeting, which is a public source of funding, and he had some creative ways that those public dollars could be use that this subcommittee may want to consider.

Mr. Lyles said for review and clarification purposes, the current resolution says that the current \$2.5 million of housing trust fund monies came from the Council's authorization and other monies that could be considered are Potowatomi revenues, PILOT's and TIF's. He asked how is it determined what those dollar amounts would be?

Mr. Ries replied that the Potowatomi payment is very specific in that the City receives \$3.38 million yearly. He said it is stated in the housing trust fund legislation that the monies received from Potowatomi that could go to the housing trust fund, is that amount that exceeds the \$3.38 million.

Ms. Dummer Combs explained that it would be one half of the revenues over and above the \$3.38 million received from Potowatomi.

Ms. Brown referred to a City Attorney's opinion (Exhibit 1) that was issued on June 15, 2007 and said that the way she reads the opinion, it says the City is under no obligation for any funding in 2008 or beyond for the housing trust fund. She said the opinion refers to Common Council File No. 041537 that established the trust fund says "it is anticipated that the housing trust fund is to be funded by services indentified in Common Council File No. 060071. The actual allocation and expenditure of City funds for the housing trust

fund is subject to the City's normal budget and appropriation process. Accordingly, the combine authority of the two Common Council file does not "obligate" the Common Council and the Mayor to set aside specific funding for the housing trust fund in any given year."

Mr. Lyles said the Mayor has not submitted his 2008 budget yet and asked if anyone has talked to the Mayor as to what his plan is in 2008 for the housing trust fund.

Ms. Dummer Combs said that the Milwaukee Housing Trust Fund Coalition had contacted the Mayor to encourage him to include funding for the Housing Trust Fund in the 2008 city budget.

Mr. Lyles asked if it would be appropriate for this subcommittee to send a letter to the Mayor that would encourage the Mayor to fund the housing trust fund in the 2008 city budget at the 2007 level, which is \$2.5 million.

Mr. Brown said that the letter should also indicate that this subcommittee is working on other funding options, but hasn't had the time to fully explore those other options.

Ms. Dummer Combs said that they may want to clarify in the letter the funding sources that have been identified in the resolution. Ms. Dummer Combs than said that she would like to recommend that the following be included in the letter: She said the \$2.5 million bond still has to be paid off and the bond needs to be paid off with the revenue from the revenue sources that have been identified in the resolution. She said that at the very minimum, what needs to be done is that the source of revenues identified in the resolution needs to be earmarked for the housing trust fund and that the funding would first go towards paying off the bond, and second, any additional revenues above the bond payment can than be disbursed. She further said that something should be put in the letter that says this subcommittee is working diligently to find other sources of revenue for the housing trust fund.

Mr. Ries said that it is going to be really hard for this subcommittee to get the City to commit to a revenue stream, because the City has made it clear that Mayors' priorities are jobs and transportation. He said this subcommittee will need to come up with a private funding source and challenge the City to match it.

Ms. Madden said she thinks there is a link between housing and transportation.

Ms. Madden asked if they could discuss the concept of making the Housing Trust Fund operate like a trust fund. She said that the goal is for the Housing Trust Fund to have an on going funding source and not to become like a non-profit and have to look for funding every year.

Mr. Kammholz said that they have identified revenue sources in the resolution and, in addition, it seems that this subcommittee has looked at outside revenue sources such as from the state and asked if local sources have been consider such as a developer fee or impact fee.

Mr. Lyles replied that this subcommittee did review those fees at the last meeting, but concluded that it would be too much of a battle to go after developer fees or linkage fees.

Mr. Ries said a linkage fee would require state legislation.

Ms. Brown said that there are certain groups that benefit from housing construction, such

as lenders, construction workers, home improvement stores, etc. and asked if a strategy had been looked at that would tap those entities that benefit from housing construction and could be used as a revenue source.

Ms. Dummer Combs asked how they could tap into that revenue.

Mr. Ries asked if it would be a tax or on a voluntary bases.

Ms. Brown said that she and Ms. Prioletta met with Ald. Murphy and had made the following suggestions as ways to get housing trust funds: 1) Tax on cable, 2) Fees for installation of cell tower antennas, and 3) A fee that could be assessed for privately owned underground conduits. She said they also suggested private fund raiser approaches, such as a give back program with home improvement outlets similar to the round up for hungry program.

Ms. Prioletta suggested that a check off box be added to the state tax return for housing trust fund.

Mr. Kammholz said that there used to be a program call "New Opportunities for Homeownership", where banks would give a dollar for dollar matching funds.

Mr. Ries said that it may be hard to get banks to come up with the money.

Mr. Lyles said that maybe new banks coming to Milwaukee may be inclined to support a housing trust fund.

Ms. Dummer Combs said that thiers banks that don't have outstanding CRA rating and who may want to improve on there ratings might be interested.

Mr. Reis said that he received a brochure from a group in the Twin Cities who started a campaign to raise money for affordable housing and said that he will forward a copy of it to all the subcommittee members. He said he will also check with the group to see where they are.

Ms. Madden said one of the things that Minneapolis did with its housing trust fund was to limit its scope on what they are going to use the housing trust fund for, such as for rentals only. She suggested that they could focus their housing trust fund on housing for the mentally ill.

Ms. Brown said a few weeks ago the Urban Economic Development Association held a summit and the topic was on the city's Economic Development Plan, which is a job plan, and there was a lot of concerns raised on affordable housing. She then suggested that a task force be created to lay the ground work for fund raising options.

Mr. Lyles said that hopefully they can tap into all those sources that make money on the construction of a house.

Ms. Prioletta said that she would put together a list of companies that would make money on the construction of a new house.

Ms. Dummer Combs said they should also look at post construction companies.

Mr. Lyles said the other groups they should also consider are the local groups who would benefit from this work too, such as Interfaith and individuals.

Ms. Madden said they should also look at hospitals and educational institutes.

Ms. Dummer Combs said that the Housing Trust Fund Task Force was successful in getting support from MPS.

Ms. Prioletta suggested that when the board is reviewing applicants it should look at the kind of community support given for the project.

Ms. Dummer Combs said that it is stated in the legislation that extra points will be given for projects that have community partnership or commitments.

Mr. Kammholz said that the city has a cable franchise fee and to add a cable tax or local fee would not be a good idea, because AT&T is coming in with U-verse and while U-verse isn't cable it is competing with the cable company. He suggested a voluntary contribution by the cable company could be considered.

Mr. Ries said that they could consider going to new and or big companies located in Milwaukee for voluntary contributions.

Mr. Reis said he would contact Mr. Jim Imhoff with First Weber Company to see if he can appear before this subcommittee to discuss ways of getting contributions through the home sale process.

Mr. Peters asked if there has been discussion on the excess payment in lien of taxes (PILOT).

Mr. Brown said the City Assessor is the one who contacts the tax exempt property owner that is targeted for PILOT.

Mr. Kammholz said he hasn't seen any new PILOTs lately.

Mr. Peters said he would like more information on the PILOT program and asked if they could discuss the PILOT program further at the next HTFABFS meeting.

Ms. Brown said she would contact the Assessor for a list of PILOT's that already exist and any information she may have on any new ones.

5. Set next meeting date and agenda

Mr. Lyles asked if there are any objections to holding future HTFABFS meetings on the first Monday of each month, except for September, which is a holiday, until the end of the year 2007 and that all meeting would start at 3:00 P.M. There were no objections.

The following are the meeting dates for the remainder of 2007:

Sept. 4, 2007

Oct. 1, 2007

Nov. 5, 2007

December 3, 2007

Meeting adjourned: 4:35 P.M.

**Terry J. MacDonald
Staff Assistant**

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June 15, 2007

Alderman Michael J. Murphy
10th Aldermanic District
Room 205 – City Hall

Re: Housing Trust Fund

Dear Alderman Murphy:

In a May 18, 2007 letter our legal opinion was requested concerning the proper interpretation of Common Council File Nos. 041537 and 060071. Specifically, we were asked to provide an opinion as to whether the combined authority of those two Common Council files obligates the Council and the Mayor to set aside for the Housing Trust Fund in the 2008 and 2009 City Budgets an amount equal to one-half of the City's portion of the tax revenues received from three tax incremental districts which will be closed during 2007.

Common Council File No. 060071 was a resolution relating to recommendations of the Milwaukee Housing Trust Fund Task Force for the operation and funding of the Housing Trust Fund. The Task Force report and the resolution indicated that “. . . the City shall designate General Fund Revenue for the Housing Trust Fund in an amount equal to the incremental tax revenue (City portion) received from the TID during the last tax collection cycle in which the tax incremental district was in existence.” Common Council File No. 041537 was the ordinance which created Chapter 316 of the Code of Ordinances pertaining to the Housing Trust Fund. In the ordinance, somewhat different language was utilized stating that “. . . it is anticipated that the Housing Trust Fund is to be funded by services identified in Common Council File No. 060071.”

The actual allocation and expenditure of City funds for the Housing Trust Fund is subject to the City's normal budget and appropriation process. Accordingly, the combined authority of those two Common Council files does not “obligate” the Common Council and the Mayor to set aside specific funding for the Housing Trust Fund in any given year.

EXHIBIT

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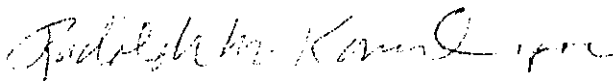
Alderman Michael J. Murphy

June 15, 2007

Page 2

It is our understanding that you anticipate scheduling a meeting involving representative of the Comptroller's Office, the Budget Office and our office to discuss the specific steps which will be required in order to provide the requisite budget and appropriation authority to fund this program. It will be our pleasure to work with you and other City departments in order to finalize that process.

Very truly yours,



GRANT F. LANGLEY

City Attorney



THOMAS O. GARTNER

Assistant City Attorney

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c: Craig Kammholz, Comptroller's Office
Mark Nicolini, Budget Office
Ron Leonhardt, City Clerk

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