



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Meeting Minutes HOUSING TRUST FUND ADVISORY BOARD

ALD. MURPHY, CHAIR

Bethany Sanchez, Vice Chair

Ald. Robert Bauman, James Hiller, Craig Kammholz, Kenneth Little, Cathie Madden, Jim Mathy, Joanne Passaro, Brian Peters, and Michael Soika

Staff Assistant, Terry MacDonald

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Thursday, February 11, 2010

11:00 AM

Room 301-B, City Hall

Meeting convened: 11:06 P.M.

1. Roll call

Present 7 - Soika, Kammholz, Madden, Mathy, Little, Murphy and Hiller

Excused 4 - Sanchez, Peters, Passaro and Bauman

Also present: Steven Mahan, Director, Dept. of Admin., Community Development Grants Administration, Mario Higgins, Community Development Grants Administration and Jeff Osterman, Legislative Reference Bureau

2. Review and approval of the December 10, 2009 meeting minutes

Mr. Hiller moved approval of the minutes, Mr. Mathy seconded. There were no objections.

3. Review and approval of the recommendations for the Housing Trust Funds submitted by the Technical Review Subcommittee

Mr. Kammholz directed the board members to the handout that shows the list of award recommendations. (Exhibit #1)

Mr. Kammholz said there are no recommendations under the "Homelessness" category, because there was only one applicant and it did not meet the minimum standards.

Mr. Kammholz said there were seven applications in the "Rental" category and the committee awarded the top three highest scores as follows: Center for Veterans Issues, LTD Veteran Manor - \$168,395, Hartland Housing, Inc., 2500 W. Fond du Lac Ave - \$150,000, Our Space, Inc., Empowerment Village 525 W. Lincoln Ave. - \$375,000. He said the dollar amounts recommended for each were one-half of the applicants possible requested amounts.

Mr. Kammholz said there were six applicants in the "Homeownership" category and the committee awarded the top two highest scores as follows: Layton Blvd. West Neighbors, Turnkey Renovation Program - \$20,000, Northcott Neighborhood House, Inc., Youthbuild - \$105,000. He said the amounts recommended are the applicants' requested amounts.

Mr. Mahan explained the applicants' projects who received award recommendations. He said some of the other applicants weren't recommended, because some they were slated to receive funds from other funding sources, others have already received a housing trust fund award and have not spent it yet.

Mr. Hiller asked if the board has formal guidelines that state that if an applicant has already received a housing trust fund award and has not spent it yet, it will not be considered for another award?

Mr. Mahan replied in the negative.

Mr. Hiller said the applicants should be made aware that their application will not be considered if they have a housing trust fund award that has not been spent yet.

Ald. Murphy replied in the affirmative. He said that there should be additional discussion at a future board meeting on how to let the applicants know that their application will not be considered if they have a previous housing trust fund award that has not been spent yet.

Mr. Soika asked if any of those applicants, that did not get an award due to not spending their previous award, can fault the City because their contract had been delayed?

Mr. Mahan replied in the negative. He then gave an overview each of the applicants' projects that did not receive an award recommendation and explained why they didn't receive an award recommendation.

Mr. Mathy moved approval of the following list of housing trust fund award recommendations submitted by the Technical Review Subcommittee, Mr. Kammholz seconded. There were no objections.

CATEGORY: RENTAL

Center for Veterans Issues, LTD Veteran Manor - \$168,395

Hartland Housing, Inc., 2500 W. Fond du Lac Ave - \$150,000

Our Space, Inc., Empowerment Village 525 W. Lincoln Ave. - \$375,000

CATEGORY: HOMEOWNERSHIP

Layton Blvd. West Neighbors, Turnkey Renovation Program - \$20,000

Northcott Neighborhood House, Inc., Youthbuild - \$105,000

4. **Status report given by Ms. Maria Prioletta, Department of City
Development on the Housing and Economic Recovery Act - Neighborhood
Stabilization Program**

Ald. Murphy said he invited Ms. Prioletta to appear to give an update on the Neighborhood Stabilization Program and on how the home foreclosures are affecting the City. He said the action this board has taken through its efforts, over the past three years, have provided low income families with homeownership and helped to provide shelter for the poor and homeless persons. He said he wanted to get a larger perspective of what the difficulties the city is facing now and will face over the next few years as a result of the foreclosure crisis.

Ms. Prioletta said the number of bank foreclosed properties are at 1200 and another 200-300 in in-rem properties. She said what is most concerning to the City is that there are 6000 open foreclosure filings that are currently in process.

Ald. Murphy asked how many foreclosures has the City had to date?

Ms. Prioletta said the 6000 foreclosures is an increase of about 20% since 2008. She said a lot of the foreclosures are due to sub-prime predatory lending and in Milwaukee it had impacted the most vulnerable population and a great deal of those are concentrated in the community block grant areas.

Mr. Hiller asked if Ms. Prioletta has tracked the cases where the banks started the foreclosure then just walk away?

Ms. Prioletta replied negative.

She said a trend that she is seeing is that there are out-of-town banks who own some of the foreclosed properties and are dumping those properties for very low amounts and some of those properties are ending up in the hands of speculators and some cases out of state entities who are just purchasing the property and doesn't plan to do anything with them until the market gets better.

Mr. Mathy asked what point in the foreclosure process is a property eligible for NSP dollars?

Ms. Prioletta replied that NSP dollars are for properties that are already foreclosed on.

Ald. Murphy said the City has several programs available for individuals to purchase a foreclosed property.

Ms. Madden asked how is the City publicizing those programs to the general public?

Ms. Prioletta replied that the programs are advertised through the City's website, the local media channels 18 and 24, neighborhood meetings, counseling agencies and non-profit organizations.

Ms. Prioletta said that one of the housing trust fund applicants may be qualified for NSP funding. She said she will be working with Mr. Mahan.

Mr. Little asked how many of the 6000 foreclosure properties were owner occupied?

Ms. Prioletta replied that about 60-70% are owner occupied. She said the City is tracking foreclosed properties that are being sold and only 25-30% are going to owner occupants.

Ms. Prioletta said the City has been awarded an additional \$25 million from the federal government for foreclosure programs. She said they have three years to spend those dollars.

Ms. Prioletta suggested that maybe this board may want to include in it application that additional points would be given for projects that are using foreclosed properties.

Ald. Murphy asked if any of the NSP dollars can be use as a land bank, where the City uses the land bank monies to purchase foreclosure properties?

Ms. Prioletta replied in the affirmative.

She said the land bank could be used to purchase a foreclosed property that a developer is interested in rehabbing or developing.

Mr. Hiller asked what the reduction in tax bases has been over the past year?

Ald. Murphy replied that he had recently sent a request to City Assessor asked for an update on the tax base.

Ms. Prioletta said one of the thing that the City has asked HUD to look at is if the NSP funds could be use earlier in the foreclosed process, because the City has lost out on purchasing some foreclosed properties, because the City is competing with speculators.

Ald. Murphy said that he and the Comptroller have sent letters to the president's of the three largest banks, US, Wells Fargo and Deutsche, who own the majority of the foreclosed property asking them to partner with the City and the City could provide qualified home buyers. He said he is waiting for a response.

Mr. Hiller asked if the City could require the mortgage lender to notify the City when a borrower is three month behind in their mortgage payments?

Ald. Murphy replied in the negative.

Ald. Murphy said he did have legislation enact that requires the lender to maintain the property once the lender becomes the owner of the foreclosed property.

Meeting adjourned: 11:39 A.M.

Terry J. MacDonald
Staff Assistant