



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Meeting Minutes HOUSING TRUST FUND ADVISORY BOARD

Thursday, April 9, 2009

11:00 AM

Room 301-B, City Hall

Meeting convened: 11:07 A.M.

1. Roll call

Present 9 - Soika, Kammholz, Bauman, Sanchez, Madden, Peters, Dummer Combs,
Lyles and Murphy
Excused 3 - Hiller, Schmidt and Gore

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

2. Approval of the minutes of the January 30, 2009 meeting

Ald. Bauman moved approval of the minutes, Mr. Lyles seconded. There were no objections.

3. Status report given by Ms. Maria Prioletta, Department of City Development on the Housing and Economic Recovery Act of 2008 - Neighborhood Stabilization Program

Ms. Prioletta said that the number of foreclosures in the City has not changed much since her last report given to this board on January 30, 2009. There are still over Eighteen-hundred bank-owned homes and forty-five hundred foreclosure filings and each of those filings resulted in a sheriff's sale. She said the first wave of foreclosures was due to the sub prime issue and the currently wave of foreclosures is due to economy related issues and lost of jobs.

Ms. Prioletta said the City received \$9.2 million in HUD funding for a Neighborhood Stabilization program (NSP) and will be used for a variety of foreclosure programs. Last week, the City launched its first programs to assist homeowners and responsible landlords to purchase and rehabilitate foreclosed homes. She said the City's foreclosure website is up and running and all the foreclosure programs information and applications can be found on that website. DCD staff has had some outreach sessions with local real estate brokers, the lending community and home buying counselors. DCD and the EBE staff are also trying to promote economic development opportunities by having a home improvement contractor outreach meeting. One of the other uses of the NSP funds will for the demolition of properties that are considered unsafe.

Ms. Prioletta said the City submitted an application to the State of Wisconsin for \$10 million in stimulus funds and a couple weeks ago the City heard back from the State that the Milwaukee region, which includes Milwaukee, Cudahy and West Allis, will receive a total of \$1.3 million, which is a lot lower than what the City was expecting.

Ms. Prioletta said that it was stated in the stimulus package that there will be a second round of NSP funding in the fall.

Ms. Prioletta said the State of Wisconsin recently passed legislation for tenant protection for renters of foreclosed properties.

Ald. Murphy said that the Finance & Personnel Committee recently recommended \$100,000 to be allocated to the Mediation foreclosure program.

Ald. Murphy indicated that the Common Council will also consider a \$5.3 million project for the development of scattered-site housing for low income residents in certain Aldermanic Dists.

Ms. Prioletta said that another category in the foreclosure program is to work with developers that do large scale projects, such as the scattered-site housing projects.

4. Status report given by Mr. Rob Henken, President, Public Policy Forum relating to the study on "Sustainable Approach to Creating and Administering Low-Income and Special Needs Housing in Milwaukee County"

Mr. Henken thanked the board and the City for funding this study. He also acknowledged and thanked Mr. Leo Ries, Executive Director of LISC for his input in the study.

Mr. Henken said the report is just about done; it is in draft format and is out for peer review right now. He anticipates the release of the study in late April or early May of 2009.

Mr. Henken gave a summary of the report. He said the report consist of four sections: section one is a comprehensive look at Milwaukee's affordable housing landscape, section two consists of an assessment of Milwaukee efforts and capacity to address its housing affordability challenges, the third section consists of a look at promising practices and strategies in attracting private sector funding and, finally, the fourth section consists of options and recommendations.

Mr. Soika asked if any of the studies recommendations relate to the Milwaukee 7 region strategy?

Mr. Henken replied in the negative. He said the study only consist of Milwaukee County.

Ald. Murphy said he is in the process of setting up a meeting with SEWRPC to request a regional study.

Roll call taken at 12:00 P.M.

Present 8 - Soika, Kammholz, Bauman, Sanchez, Madden, Peters, Dummer Combs and Murphy

Excused 4 - Hiller, Schmidt, Lyles and Gore

5. Discussion and approval of the housing trust fund owner occupied guidelines

Mr. Mahan, Director and Mr. Higgins, Grant Monitor, Community Development Grants Administration (CDGA) appeared on this matter.

Mr. Mahan handed out a draft copy of the "2009 Housing Trust Fund Awards Owner Occupied Rehabilitation" guidelines and regulations (Exhibit 1).

Mr. Higgins said the hand out is a list of recommendations by the CDGA to establish owner occupied regulations and guidelines, based on CDGA experience. He then gave a brief explanation of each of the recommendations.

Mr. Lyles said that these rules are being established after the fact, because the awards have already been approved.

Mr. Soika asked how do these recommendations differ from the neighborhood improvement program regulations, because they seem to be the same?

Mr. Higgins replied that a lot of these recommendations come from the neighborhood improvement program and are the City's standard regulations and guidelines. He said any of the recommendations are negotiable.

Mr. Soika asked if CDGA staff is recommending that Housing Trust Fund awards be only awarded to only large projects and not for small home improvement maintenance repair projects?

Mr. Mahan replied that the problem with the small home improvement maintenance repair projects is that it would still require that a permit be obtained by Dept. of Neighborhood Services (DNS) and DNS would then need to inspect the project and the inspector may come across other code compliance problems unrelated to the project itself. DNS would then be required to cite the property owner and the owner would have to bring the violation up to code. In addition, since the funds being used are tax levy dollars, the project automatically falls under the DNS requirements.

Ms. Dummer Combs suggested that CDGA staff should take a look at the Housing Trust Fund legislation, because some of the recommendations that they are suggesting were discussed and are laid out in the legislation. She then refer to CDGA's question number three and said the answer to that question is in the Housing Trust Fund legislation, she said she believes the legislation says five years.

Mr. Mahan replied that CDGA staff did follow what was stated in the legislation.

Mr. Peters replied that to answer question number three, if an owner-occupied home was sold before the five years are up the money would have to be repaid; if it is sold after five year it would be considered forgivable, but it could also be sold to another person before the five years who also meets the funding qualifications and in that case it wouldn't have to be repaid.

Ms. Sanchez said she has concerns about the code compliance requirement recommendation being presented after the awards have been awarded. She said the applicants need to know about all requirements prior to submitting their applications.

Ms. Sanchez referred to recommendation number six that says that contractors must be licensed and asked how would projects that use volunteers handle that

requirement?

Mr. Mahan replied that during the application review process CDGA staff stated that the owner-occupied projects were going to be a problem and that DNS could not turn a blind eye to any other code compliance issues that the property may have.

Mr. Mahan said that as far as recommendation number six, most projects would obtain a contractor to do the work even if there are volunteers.

Ms. Sanchez asked for an explanation of recommendation number twelve.

Mr. Mahan replied that the minimum cost per structure would let the CDGA staff know what the scope of the project will be, such as how many units.

Ald. Murphy said that a licensed contractor is required by law.

Ms. Sanchez commented on question number three and said that the some of the applicants understood that the funds they were going to be awarded as a grant not a deferred or forgivable loan.

Mr. Peters said he has concerns with recommendation number five, because it seems to exclude any work done for accessibility purposes. He asked if the language could be improved for home owners that might need accessibility modifications.

Mr. Higgins replied in the affirmative.

Ms. Madden said she likes this list of recommendations and questions because it is something that can be referred to when issues come up that the legislation doesn't dictate and asked who will make those calls.

Mr. Higgins replied that as a monitor he needs to have a standard, but sometime he may need to make a judgment call.

Ald. Murphy replied that CDGA staff has administered digression in certain issues.

Ms. Madden asked what standards were in place prior to the awarding of the awards?

Mr. Mahan replied that CDGA wasn't expecting that the housing trust funds would go for owner-occupied projects. He thought the housing trust funds were going to go for large scale projects only. He said there are a lot of new applicants that never received funding from the city, not only with the housing trust funds, but with some other funding programs.

Mr. Peters referred to recommendation number four and asked if this would include tri- structures as well, and if so, he suggested the language be change to read 1-3 family units.

Mr. Soika said that he isn't ready to approve these recommendations today and made the following motion:.

A motion was made by Mr. Soika to hold the housing trust fund owner occupied guidelines for further discussion and approval to the next meeting. The motion Failed. (4-4) (Mr. Soika, Mr. Peters, Ald. Bauman, Ms. Sanchez) (Ms. Madden, Mr. Kammholz, Ms. Dummer Combs and Ald. Murphy voting no) (Excused: Mr. Schmidt, Mr. Hiller. Ms. Gore and Mr. Lyles excused)

No other action was taken on this matter.

6. Update from the Community Block Grants Administration relating to the award funding process

Mr. Mahan, Director and Mr. Higgins, Grant Monitor, Community Development Grants Administration (CDGA) appeared on this matter.

Mr. Higgins began by giving an overview of the first round of funding award projects. He said that two of the projects have been completed and those are Hartland Housing and the Guest House/St. Katherine's resident. Currently City staff is meeting with two other project representatives, Common Bond Communities/Bishop Creek and United Methodist Church to complete their contracts and both of those should be done by the end of this month. Milwaukee Christian Center's contract is currently being worked on.

Mr. Higgins said as far as the second round of funding awards, City staff has been in contact with Dominican Center and with Milwaukee Christian Center.

Ald. Murphy said he talked with Mercy Housing yesterday and he asked them to appear before this Board at its next meeting to give an update. He also asked them to put in writing what their current status is on their tax credits.

7. Discussion relating to lessons learned from previous award funding round and setting the timeframe for the next funding award round

Ald. Murphy asked Mr. Mahan what his expectations are as to when the next round of funding award can take place?

Mr. Mahan replied that with the number of projects in process right now, he would say maybe late July or August.

Ms. Dummer Combs asked what is the remaining balance available in the housing trust fund?

Mr. Mahan replied there is \$962,250 remaining in the HTF.

Ms. Madden asked if this board would want to see the result of the study before the next round of funding?

Ald. Murphy replied in the affirmative.

Mr. Mahan said the monitoring of the projects are labor intensive and time consuming. He said stimulus funds will be giving him additional staff, which will help.

Ms. Sanchez said she would like to discuss five of her major points of concerns with the last funding round and those are as follows (Exhibit 2):

- 1. She hopes the next Training Assistant session is a lot smoother next time, as far as getting answers to questions more quickly.*
- 2. She would like to be able to pick up the HTF applications from the CDGA office within a week to ten day following the due date of the submission of the applications.*
- 3. There needs to be a common understanding of the policy on whether a HTF Subcommittee or HTF Advisory Board meetings are open to the public or not.*
- 4. There needs to be some time between the Technical Review Subcommittee meeting and when the full HTF Advisory Board meeting considers the final recommendations to allow for follow up questions, etc.*
- 5. Finally, she would like for applicants to have the opportunity to address the HTF Advisory Board if they have questions or concerns.*

Meeting adjourned: 12:24 P.M.

Terry J. MacDonald
Staff Assistant

2009 Housing Trust Fund Awards
Owner Occupied Rehabilitation

Three groups were funded to provide rehabilitation for owner-occupied housing under Homeownership Category. CDGA has funded numerous owner-occupied rehabilitation projects for many years. Program guidelines and regulations exist for these projects. It is essential that regulations and guidelines be established for the Trust Fund projects.

CDGA is recommending the following:

- 1) All projects must be code compliant upon completion.
- 2) All projects will meet lead hazard safety requirements.
- 3) Work performed must be done in a professional manner.
- 4) Eligible types of properties will include only single family and duplex structures.
- 5) Scopes of work should include only defective items (for example defective porches), and not include remodeling activities.
- 6) Contractors must be licensed by the City of Milwaukee and obtain any other certification needed by the State.
- 7) Program participants' household income must meet the income eligibility guidelines established by the Housing Trust Fund
- 8) Types of ownership may not include land contracts, life estate or trust deeds, or multiple owners who do not reside in the property.
- 9) All property taxes must be current.
- 10) Homeowners must have current Homeowner's Insurance.
- 11) Establishing priorities for service provision, such as existing building code violations already cited by DNS, health & safety emergencies etc.
- 12) Establishing a minimum cost per structure as well as a maximum cost cap per structure.
- 13) Restricting applicants from owning other rental/income property.

There are many issues that must be resolved regarding the operation of these owner-occupied programs:

- 1) Who should prepare the scopes of work and cost estimates? Agency...Outside Inspector
- 2) Who should conduct interim and final property inspections? Agency...Outside Inspector...DNS

EXHIBIT

tabbles

- 3) Is this program at no cost to the owner or provided through a deferred or forgivable loan. How long a period of time is owner-occupancy required prior to the application process and how long after the work is completed?

My email 2/2/09 email to Craig, Ald. Murphy, Terry McDonald, Steve Mahan and Mario Higgins

Based on my direct experience, and the comments of several HTF applicants who have contacted me, in an effort to make the process less stressful and more open and transparent, I would like us to consider the following:

- ❑ I would like to be able to pick up the HTF applications from the CDBG office within a week or 10 days of the submission deadline. Since applicants are required to provide 15 copies of their applications, it seems like it should not take over two months after submission for the applications to be ready for HTF AB members to pick up. According to staff, my set of applications was not ready for pick up until Wednesday, 1/21, which meant that I was reviewing applications until after 11PM that night, in preparation for the HTF Tech Review meeting meeting on 1/22.
- ❑ We should have a common understanding of the policy about open meetings. At least one applicant was told that the HTF Tech Review meeting this past Friday morning was not open to anyone but the members of the committee and staff. But two people from another applicant organization sat in the audience through the entire meeting. My perspective is that those meetings should be open.
- ❑ We may want to consider having some time between the meeting where the final recommendations of the Tech Review Committee are made and the meeting of the full HTF Advisory Board where those recommendations are considered. A bit more time would give us the ability to gestate what we have decided, and would allow for any necessary follow-up prior to the full HTF AB meeting. On the other hand, if the Tech Review meeting is closed, and the Tech Review Committee feels confident that they have received all the information necessary to make the correct decisions, then maybe it doesn't matter. But for me, having only 1.5 hours between the two meetings this past Friday felt rushed.
- ❑ I would like for there to be an opportunity for applicants to address the HTF AB if they have questions or concerns about the policies, process and/or recommendations.
- ❑ I am glad that others, including staff, are open to having the next round of HTF applications in May or June, so that folks who get their tax credits can apply to the HTF shortly after the LIHTC allocation is known.
- ❑ I would like to restate my hope that we can carefully consider the best way to balance the need for us to not tie up HTF funds in projects that may not go forward (due to other financing sources, including tax credits, that have not yet been allocated, or investors in tax credits not yet secured) with the fact that our commitment of HTF dollars to a project provides additional points and likelihood of additional sources of financing being allocated. LIHTC applications get extra points for our local government commitment. LIHTC investors often want to see that local commitment before they agree to invest. Other financing sources often want to see that local commitment too. We can still stipulate that the HTF dollars are the last in, but in my opinion, if they are the very last dollars that are committed, some good projects will be lost. Maybe we can ask Teig, and/or other developers for their perspective on how these decisions affect their developments.

Thanks again for all of your work and for considering these concerns.

Bethany Sanchez
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