



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Meeting Minutes

HOUSING TRUST FUND ADVISORY BOARD TECHNICAL REVIEW SUBCOMMITTEE

CRAIG KAMMHOLZ, CHAIR

Cecelia Gore, Cathie Madden, and Bethany Sanchez

Staff Assistant, Terry MacDonald

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Friday, November 30, 2007

2:30 PM

Room 301-A, City Hall

Meeting convened: 2:37 P.M.

1. Roll call

Present 4 - Kammholz, Sanchez, Madden and Gore

Also present: Steven Mahan-Director-Department of Administration-Community Block Grant Administration, Mr. Garry Werra-Department of Administration-Community Block Grant Administration and Tom Gartner-Assistant City Attorney

2. Approval of the minutes of the November 6, 2007 meeting

Ms. Gore moved approval of the minutes, Ms. Madden seconded. There were no objections.

3. Discussion relative to the policy guidelines and procedures for the Housing Trust Fund

Mr. Kammholz said that at the last meeting of the Housing Trust Fund Advisory Board Technical Review Subcommittee (HTFABTRS) he provided three broad funding guideline areas and asked each of the subcommittee members to consider them and to submit any ideas. He said since the last HTFABTRS meeting the city staff has worked internally to add depth to each of the those three areas. He then referred to the draft copy of the "Funding Guidelines for 2007 Housing Trust Fund Project Awards" (Exhibit 1) that he prepared and that was sent to each member prior to this meeting. He explained each of the areas and then asked if there are any additions or modifications by subcommittee members.

Ms. Gore asked, when Mr. Kammholz talks about the funding gap, does he mean that they would not fund 100 percent of a project's funding? She said that there were a couple applications that requested 100% funding.

Mr. Kammholz replied that the Housing Trust Fund Advisory Board said that the housing trust fund monies is not supposed to be the sole source of the a project's funding, but to be used to leverage other funding sources.

Ms. Gore asked if those applications would automatically be declined?

Mr. Kammholz replied that is a hard call and this subcommittee will have to decide how to proceed with those under item #4.

Mr. Kammholz asked for a motion to approve and forward the "Funding Guidelines" to the Housing Trust Fund Advisory Board for review and final action?

Mr. Gore asked how new catalytic projects would be defined?

Mr. Kammholz replied that he had reflected back to what the Housing Trust Fund Advisory Board members had spoken to as far as how the funds were to be used and it was said that the funding is supposed to go for to projects that are in addition to what is currently being done and that these are to be in addition to other funding and should not be the only funding source for a project. He said that he thought he is speaking the spirit of the housing trust fund that the funds are to help new projects move forward that otherwise wouldn't happen.

Ms. Gore said that the HTF monies are to be the "last dollars in."

Ms. Sanchez asked if the last sentence in bold, in the first paragraph under "Funding" is necessary. She said that it could be read two ways.

Mr. Mahan replied that it is saying that there is only one source of funding for 2007, but it could be reworded.

Ms. Sanchez suggested that it could read as follows: "2007 Housing Trust Fund consisted of only public funds."

A motion was made by Ms. Sanchez and seconded by Ms. Gore to approve the "Funding Guidelines for 2007 Housing Trust Fund Projects Awards" as amended and forward it to the Housing Trust Fund Advisory Board for review and final action. There were no objections.

4. Review of the housing trust fund applications

Mr. Kammholz said that there are two major categories of criteria on the scoring sheet (Exhibit 2). There is the objective criteria, which include, Leveraged Dollars, Income Target, Affordability Period, Use of City of Milwaukee residents and use of EBE and Family Supporting wages and than there are the subjective criteria, which are Neighborhood Diversity, Green Building Principles, Coordination with Community Institutions, Community Integration, Experience, Accessibility improvements or modifications, Service Partners, Construction Financing and Community Needs.

Mr. Kammholz said that he has done some of the preliminary scoring on the objective items, but would like the Community Development Grant Administration staff to verify that his numbers are correct. He than said that once the verification is complete they could than come back to the next meeting with the subjective scorings and marry them.

Mr. Kammholz said there are two items in the objective area that needs to be discussed. The first one is the Emerging Business Enterprise (EBE) area and asked Mr. Mahan to explain what was found.

Mr. Mahan said that he met with Chris Martin with the EBE Office and said that Mr. Martin felt strongly that this is not a criterion that should be in the objective area and that it should be considered as a yes or no answer. He said the EBE Office would be doing the monitoring. He also said that every applicant would get the five points if the applicant indicated that they will be using EBE's.

Mr. Kammholz said that when this subcommittee meets again to go over the scoring sheets for each of the applications the members will see that all the applicants who indicated that they will use EBE's will automatically receive an award of five points.

Mr. Mahan said the term sheet will hold the applicants to the EBE requirements.

Ms. Sanchez said that if the applicant would default for any reasons, that applicant would fall off and the next applicant would move up.

Mr. Kammholz asked Mr. Mahan what would the process be, if an applicant would default for any reasons, would the next applicant move up? He also asked would the next applicant need to be brought before the HTFAB for approval?

Mr. Mahan replied in the affirmative.

Mr. Kammholz said the other category that needs to be discussed is the "Leveraged Dollars" and said that there are two ways to calculate leveraged dollars. He said that it is both City Atty. Gartner's and the Department of City Development (DCD) staff's recommendation as well, that every time the city approaches leveraging of dollars it is always a bifurcation between private funds and public funds and the way the Housing Trust Fund is written, it is the housing trust fund award vs. all other project awards. He said during the discussion the DCD staff asked if the applicant is getting HOME dollars, rent dollars or Community Development Block Grant dollars and a tax incremental Funds (TIF) are they really leveraging all that with the HTF monies as well? He said right now they would rank it both ways.

Mr. Kammholz said it is a good way to advertise the housing trust fund once the project gets out the gate, but in terms of ranking and scoring and good public policy, it should be measured by public city dollars vs. private funding and weight the percentage that way. He said he advocates for the public vs. private vs. Housing trust funds vs. total.

Ms. Sanchez said she understands where Mr. Kammholz is coming from, but she would be more comfortable with taking the other kinds of city funds out of the equation and leaving in state and federal funds.

Mr. Kammholz said that they will have both calculations available for the next meeting.

Mr. Kammholz suggested that the following two ways they could proceed with the scoring of the subjective items would be to go through all of the subjective criteria together and come up with a consensus score for each of the applications or each member could score the applications on their own and come back and do an average. He asked the members for their input on which way they would like the subjective scoring handled?

Ms. Sanchez said she likes the idea of going through each of the applications collectively this first time around.

Ms. Madden said she agrees with Ms. Sanchez and then asked if all the items from experience down on the scoring sheet are considered subjective?

Ms. Gore asked if there are any best practices for projects in the different categories.

Ms. Sanchez said starting from "Neighborhood Diversity" down is considered subjective

minus the "Family Supporting Wages."

Ms. Gore asked if "Construction Financing" would be objective also?

Ms. Sanchez replied in the negative.

Mr. Werra said the discussion relating to the "Construction financing" was on how people felt about what was secure and what is speculative or tentative.

Mr. Kammholz said it is easy to give it a two or five, because the applicant does have a box to check on the application.

Ms. Madden said if the "Construction Financing" is not committed it could get to be fuzzy.

Ms. Madden said that each member could score each application and come up with a total amount for each application and then the members could come together to discuss what factored in to how the scoring total came about from each member and then have a consensus.

Mr. Werra said those scoring areas that could have one to ten points would probably warrant a discussion, but if everyone came in with 5's or 3's on a certain item it would seem that each member is thinking the same way and no discussion would be needed.

Ms. Madden replied that they wouldn't need to discuss each and every line.

Ms. Sanchez said they may not have to go through each category on each of the applications after the subcommittee members reviewed two or three applications.

Ms. Kammholz said they could start out with Ms. Sanchez's approach and have a line by line discussion for the first two applications and by the time they get to the third application they could discuss and consolidate the subjective measure.

Atty. Gartner said that it is all preliminary at this point and that the members may find that once they do an initial scoring for each of the application for one category and as the members are going through the process they may find that they have to revisit the first few applicants, because the thinking may have changed.

Mr. Kammholz said that he often finds that when getting together and listening to how each of the other raters came up with up their scoring helps to see things that he may have not considered when he was doing his scoring.

Mr. Gartner said that once the scoring is completed and the awards have been made, those scoring worksheets will need to be available to reflect the process. He said that applicants who didn't receive an award will have the right to review those documents.

Mr. Kammholz said in the end they need to have one complete set of scoring worksheets.

Mr. Gartner said that there isn't any applicant present today, but it would be helpful for groups who have submitted applications to be able to see the scoring process, so they would understand in future rounds what types of things would help them enhance their applications.

Mr. Kammholz said that one of the things that might lighten the load for the raters is that

there is one applicant that had insufficient information and three other applicants that had no leveraged dollars.

Ms. Gore asked if she could have the names of those applicants?

Mr. Werra replied that the Wisconsin Community Foundations had missing documentation and the Christian Center Handicap accessibility, the Christian Center Neighborhood Improvement and the Harambee Ombudsman had zero leveraged dollars.

Mr. Kammholz said that there were two applications for Mercy House submitted, but they are both for the same project and said he would advocate that those two be rated as one.

Mr. Kammholz said if they take out those five that will leave 16 projects.

Mr. Kammholz said that this subcommittee wouldn't have to go through the subjective scoring for the five exceptions discussed earlier and that would leave 16 applicants, but they could still review those exceptions at the next meeting and determine at that time whether the subcommittee will deny those five or not.

Ms. Gore asked about the percentage of housing trust fund dollars for accessibility improvements and said there are some that say zero, but in the project it actual has a money allocated for accessibility and that she assumes that they are saying they aren't going to use the housing trust fund dollars for the accessibility improvement. She said if there are accessibility improvements in the project they should be listed whether the applicant is going to use the housing trust fund dollars or not.

Mr. Kammholz said that should be discussed because each member may look at it differently.

Mr. Werra asked for a point of clarification about the two Mercy applications. He asked if they want to combine them into one now, and if they combine them, is it then going to be limited to the funding availability from only one category.

Mr. Kammholz replied that he left them in both categories and gave them the same score.

Ms. Gore asked if someone could define "Neighborhood Diversity" and "Coordination with Community Institutions.

Ms. Sanchez said that the "Neighborhood Diversity" and "Coordination with Community Institutions" categories were her suggestions. She said that what she intended for "Neighborhood Diversity" was that if there is a neighborhood full of middle class, upper class or single family housing and the proposed project would offer a different options than what is already in that neighborhood, it would get points for that. She said that the her intent for "Community Institutions" was the that the neighborhood schools or social service agency or community development corp. in a certain neighborhood might have a project that needs more affordable housing choices to support the needs of the businesses for their employees and alternatively schools might say they need more stable housing because they are tired of kids moving around every couple of months. The idea would be that the applicant would get extra points if they were working with initiatives like those.

Ms. Gore asked if the "Experience" category means the experience of the agency or the

consultant?

Ms. Madden replied that she looked at the experience of both the agency and support when scoring the "Experience" category.

Mr. Mahan said that when the applicant applies for its tax credits, it goes in as a development team.

Ms. Gore said that they should define each of the scoring categories, so that when the subcommittee meets again it can see exactly what the subcommittee is looking for.

Mr. Kammholz asked if it should be in writing?

Ms. Gore replied in the affirmative.

Ms. Gore asked if they are considering "Construction Financing" as subjective?

Mr. Kammholz replied that "Construction Financing" is considered subjective only if the applicant marks it as contingent. He then gave examples on what is considered contingent.

Ms. Gore asked if "Construction Financing" is worth scoring?

Ms. Madden replied in the affirmative.

Mr. Kammholz said that in his review of the applications, the applicants had either said they had financing, they didn't have financing, or their financing was contingent upon something. He said that there were four applicants that gave contingent as their answer. He further explained that the points that could be given are 5, 2 or 0.

Mr. Gartner said "Construction Financing" should be discussed so that the scoring is consistence.

Mr. Kammholz asked the subcommittee members to review the four applicants that mark contingent on their applications, so that when this subcommittee is discussing them at the next meeting all the members will understand why the applicants marked contingent. He said all the other applicants would be given a score of 0, 2 or 5.

Mr. Kammholz referred back to Ms. Gore's request to define the subjective criteria and asked if she wants all of them in writing?

Ms. Gore replied in the affirmative and said that she would like all the members to be on the same page.

Ms. Madden said some of the categories are clear and some needs to be defined.

Mr. Kammholz said that they should have the subjective criteria defined in writing and that each member should take a couple catagories and define them and send them to the Ms. MacDonald or Mr. Mahan so that all of them can be combined into one document and he will have that document distributed to all the members before the next meeting.

Ms. Sanchez said she could do the write-up for "Neighborhood Diversity" and "Coordination with Community Institutions".

Mr. Werra said most of them are pretty laid-out, except for maybe "Green Building Principles".

Ms. Madden said a lot people don't understand what "Green Building" is and said some people have thought it meant energy efficient windows. She asked if there are published green practices?

Mr. Kammholz asked Mr. Mahan to check with the City's Green Initiative for a definition of "Green Building Principles" and to bring that information to the next subcommittee meeting.

Ms. Madden said she could define "Community Integration".

Ms. Gore asked for a definition of "Accessibility"?

Mr. Mahan gave a brief explanation for "Accessibility".

Mr. Kammholz asked if the Housing Authority has standards for "Accessibility"?

Mr. Mahan replied in the affirmative.

Mr. Kammholz asked Mr. Mahan if he could get a copy of the accessibility standards from the Housing Authority by the next subcommittee meeting?

Mr. Mahan replied in the affirmative.

Ms. Sanchez said that some of the projects' time frames seem to be so far off. She said some will not have zoning approval until January and some are not even applying for their tax credits until February.

Mr. Kammholz said that will have to be discussed on project by project bases.

Mr. Gartner said that the focus right now should be on the rating and preliminary awards. He said all the applicants that receive an award will not receive the award within a week or month or even two months, because all the documentation still needs to be prepared. He said the next step after the initial awards would be for the CDGA office to focus on prioritizing the applications, by considering such things as when the project's zoning will be approved and/or when the applicant will receive his or her tax credits. He said that after the initial award there is no guarantee that those project will end up using the funds.

5. Next meeting date, time and agenda

Next Meeting Date is scheduled for Friday January 7, 2007 at 8:30 A.M. in the Port of Milwaukee Conference Room.

Meeting adjourned: 4:13 P.M.

*Terry J. MacDonald
Staff Assistant*

Funding Guidelines for 2007 Housing Trust Fund Project Awards

Funding

Funding for the 2007 Housing Trust Fund project awards consists of \$2.5 million in capital budget authority. Capital budget authority for City projects is available for up to four years – 2007 through 2010. It is assumed that any capital authority remaining after the 2007 project awards will be available for subsequent years (2008 through 2010). Consistent with the City's capital guidelines, the \$2.5 million Housing Trust Fund capital authority will be used for capital-type projects, not operating activities. Debt issued for projects authorized under the \$2.5 million capital authority will be supported by the City's tax levy for debt service, barring the availability of other identified funding sources. The City, at its option, may choose to substitute up to \$400,000 in tax levy in the 2008 budget for capital funding authority to avoid debt service for Housing Trust Fund projects. Any such substitution will not reduce overall funding for Housing Trust Fund purposes. **No private funding sources were identified to supplement the public funding available for the 2007 Housing Trust Fund project awards.**

Project Scoring

Projects will be ranked according to the scores received under the Housing Trust Fund Application Score Sheet and an assessment of the project financing gap. Housing Trust Funds will be preliminarily allocated to projects receiving the highest rankings within each category of funding that have a demonstrated financing gap. **Final allocations should not exceed the demonstrated funding gap for the project.**

After a project has received a preliminary funding allocation, it will continue in the process. In general, projects will have six months from receiving their preliminary allocation to finalize a term sheet with the City of Milwaukee, submit final financing commitments, and satisfy all other conditions.* Projects will have 12 months to commence construction. The City, through CDGA, may grant extensions to these conditions in its sole discretion.

If the conditions are not met, the preliminary allocation may be reallocated to another project. The next highest ranking application that did not receive funding may receive a preliminary allocation and continue in the process at that time.

*Projects that receive a funding allocation that will be applying for Section 42 tax credits in 2008 and are not awarded tax credits may not retain their preliminary allocation.

Funding Contingencies and Conditions

Projects recommended for funding by the Housing Trust Fund Technical Review Subcommittee for approval by the Housing Trust Fund Advisory Board and Common Council are contingent upon successful negotiation of a term sheet, including an overall project schedule, and subsequent negotiation and execution of all project documents.

CDK:TOG:11-29-07



ATTACHMENT C

CITY OF MILWAUKEE HOUSING TRUST FUND
Scoring Polot System - Final Draft Recommendation

	Max 100 Pt Scale(a)	
	Point Range	Max Points
Leveraged Dollars		15
HTF dollars are less than 3% of total project cost	15	
HTF dollars account for 3 - 5% of total project cost	12	
HTF dollars account for 6 - 10% of total project cost	9	
HTF dollars account for 11 - 15% of total project cost	6	
HTF dollars are more than 15% of total project cost	3	
Income Targets - Please Use Attached Chart		15
# of units with residents up to 50% of income target	15	
# of units with residents between 51% and 70% of income target	12	
# of units with residents between 71% and 75% of income target	9	
# of units with residents between 76% and 85% of income target	6	
# of units with residents between 86% to 100% of income target	3	
Affordability Period		10
Meets HTF Affordability Period (Required - Zero Points)	0	
Exceeds HTF Affordability Period by 25%	2	
Exceeds HTF Affordability Period by 50%	5	
Exceeds HTF Affordability Period by 75%	8	
Exceeds HTF Affordability Period by 100% or more	10	
Use of City of Milwaukee (resident) workers (Total Project)		5
Less Than 18% Milwaukee (resident) workers	0	
18% Milwaukee (resident) workers	1	
24% Milwaukee (resident) workers	2	
30% Milwaukee (resident) workers	3	
36% Milwaukee (resident) workers	4	
More than 36% Milwaukee (resident) workers	5	
Use of City, County, or State EBE (Total Project)		5
Less Than 18%	0	
18% EBE	1	
24% EBE	2	
30% EBE	3	
36% EBE	4	
More than 36% EBE	5	
Neighborhood Diversity		5
Project Increase neighborhood diversity in housing choices	5	
Green Building Principles		5
Project Utilizes Green building Principles	5	
Coordination with Community Institutions		5
Project is Coordinated with Community Institutions	5	
Community Integration		5
Move persons from institutions to community	5	
Family Supporting Wages (applies to entire project)		5
Vendor/Contractor pays employees a minimum of \$8.25 to \$10.25 per hour	1	
Vendor/Contractor pays employees a minimum of \$10.26 to \$12.25 per hour	2	
Vendor/Contractor pays employees a minimum of \$12.26 to \$14.25 per hour	3	
Vendor/Contractor pays employees a minimum of \$14.26 to \$16.25 per hour	4	
Vendor/Contractor pays employees a minimum of \$16.26+ per hour	5	
Experience		10
Agency experience with same type/similar project	5	
Staff experience with same type/similar project	5	
Accessibility Improvements or Modifications		5
Meets Minimum Standards	1	
Exceeds Minimum Standards	5	
Service Partners (b)		5
Provision of services on site w/out use of HTF \$	5	
Construction Financing		5
Construction Loan is Firmly Committed	5	
Construction Loan is Conditionally Committed	2	
Construction Loan is not Identified	0	
Proposal Meets Community Needs (Subjective)		15
TBD by Reviewer	0-15	
Total Points		100

NOTE: All proposals must receive at least fifty (50) points for further consideration

(a) 100 point maximum applies to projects requiring on-site services such as Shelter + Care. Maximum points available for all other projects is 95.

(b) Only applies to projects requiring on-site services such as Shelter + Care

