



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Meeting Minutes HOUSING TRUST FUND ADVISORY BOARD FINANCE SUBCOMMITTEE

CATHIE MADDEN, CHAIR

*Jim Mathy, Vice-Chair; Bethany Sanchez; Brian Peters; and
Kenneth Little*

*Staff Assistant, Terry MacDonald
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Thursday, March 18, 2010

11:00 AM

Room 301-B, City Hall

Meeting convened: 11:09 A.M.

1. Roll call

Present 3 - Madden, Peters and Mathy

Excused 2 - Sanchez and Little

Also present: Ald. Murphy and Craig Kammholz, Comptroller's Office,
Mario Higgins, Dept. of Admin., Community Development Grants Admin.,
Assistant City Attorney Tom Gartner and Steve Kwaterski, Dept. of
Administration, Intergovernmental Relations

2. Review and approval of the minutes of the May 21, 2009 meeting

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

**Ms. Madden advised the committee that she has appointed Mr. Jim Mathy
to be the Vice Chair.**

3. Review and discussion on the current housing trust fund financing sources

Ms. Madden provided members with copies of the following documents prior to this meeting?

- 1. Chapter 316 of the Milwaukee code of ordinances; (Exhibit 1)*
- 2. Resolution File #060071 - Substitute resolution relating to the recommendations of the Milwaukee Housing Trust Fund Task Force for the operation and funding of a housing trust fund; (Exhibit 2)*
- 3. Memo prepared by Mr. Jeff Osterman, Legislative Reference Bureau, dated March 24 2006 regarding funding options for housing trust fund; (Exhibit 3)*
- 4. Memo prepared by Mr. Leo Ries dated April 20, 2006 regarding, recommendations for funding a housing trust fund; (Exhibit 4)*
- 5. May 2009 Public Policy Forum study titled: "Give Me Shelter: Responding to Milwaukee County's affordable housing challenges; (Exhibit 5)*
- 6. Meeting notes from LISC Milwaukee PPF Housing Study Work Group dated January 19, 2010; (Exhibit 6)*
- 7. Certified copy of Common Council File #080216 (Exhibit 7); and*
- 8. Certified copy of Common Council File #091404 (Exhibit 8).*

Ms. Madden said that during her review and discussion with City staff on Chapter 316, she was advised that it doesn't limit this subcommittee to review only the financing sources that were recommended in Common Council File #060071. She said this subcommittee can also determine how the funds are being distributed and should review and make a recommendation as to whether the awards should be in the form of grants or loans. She said this subcommittee is charged with not only coming up with funding sources, but to also make recommendations relating to expense management.

Ms. Madden said the purpose of today's meeting is to review the recommendations listed in file #060071 and determine whether they should continue to pursue any of them again, and if yes, then determine what the steps this subcommittee needs to take. She said a few years ago when all of those recommendations were considered the economy was in a different state.

Ms. Madden referred members to item six on page eight of file #060071 and said that all of those items listed under item six need changes in state legislation in order to implement. She said Ald. Murphy has already pursued the use of TID revenues to be used for housing trust fund purposes and that legislation passed in 2009. She said she would like this subcommittee to revisit the remaining six options listed.

Ms. Madden referred to the memos prepared by Mr. Jeff Osterman and Mr. Leo Ries and said she would like this subcommittee to consider whether to revisit those funding options.

Ms. Madden referred to the memo prepared by the focus group that was put together by the Public Policy Forum Housing Study Work Group and said she would also like this committee to review its suggestions.

Ms. Madden said she would also like this subcommittee to review pages 54-63 of the Public Policy Forum May 2009 Study that refers to promising practices.

Ms. Madden said that legislation was passed by the Common Council that would allow the housing trust fund to be added as a recipient to the UPAF and combined giving campaign (File #091404). She said there was also legislation passed that would allow the City to accept \$250,000 in private contributions to the housing trust fund (File #080216).

Mr. Mathy asked if this subcommittee had already considered any of the Public Policy Forum study recommendations on pages 53-64?

Ms. Madden replied in the negative.

Ald. Murphy replied that the real estate transfer fee was looked at fairly extensively.

Mr. Peters replied that he was a member of the Housing Trust Fund Task Force that set up the housing trust fund and the task force did extensive research on all the financing options listed in File #060071 and he would prefer not to have to go back and research them again.

Ms. Madden asked Ald. Murphy where the housing trust fund is at as far as becoming a donation recipient with United Way?

Ald. Murphy replied that File #091404 is a resolution that will allow the City to ask the combined giving campaign to include the housing trust fund as a recipient.

Mr. Kammholz said that the City needs to ask United Way to add the housing trust fund as a recipient.

Ald. Murphy suggested that this subcommittee submit a request to United Way asking that the housing trust fund be added as a recipient.

Ms. Madden replied in the affirmative. She said she will include that as one of this subcommittee's next steps.

Mr. Peters said that he suggested at a previous Housing Trust Fund Advisory Board meeting that it may want to consider contacting Community Shares, which works similar to United Way. He said he can find out who the contact person is at Community Shares.

Ms. Madden replied in the affirmative. She said that should be included in the next steps discussion.

Ms. Madden said that at the Finance Subcommittee meeting held in June 2008, City Attorney Gartner recommended that board explore the creation of a 501(c)(3) entity for the housing trust fund, similar to the one set up for Milwaukee Tech High School.

Atty. Gartner explained the concept of creating a 501(c)(3) foundation.

Ms. Madden said that exploring the creation of a 501(c)(3) foundation right now would be putting the cart before the horse. She said that is something they will want to explore in the future.

Ald. Murphy replied that having the City provide the staffing for a housing trust fund

501(c)(3) foundation would cost a lot less than creating a separate private entity and paying private employees. He said some donors may feel more comfortable donating to a private entity.

Mr. Kammholz replied that a non-profit entity could be setup now within the City as a contribution recipient so that it can begin accepting private donations and hopefully one day it would operate like a true foundation.

Atty. Gartner said the real issue is how will the donations be awarded, as grants, loans or revolving loans.

Ms. Madden asked which option would work the best?

Atty. Gartner replied that the nice thing about giving grants rather than loans is because they are the easiest. He said revolving loans would be easy too if they were done through a separate entity.

Mr. Kammholz said that there are some advantages to setting up a separate entity.

Ms. Madden said that one of the next steps is to make some recommendations as to how the funding awards will be made, such as in the form of grants or loans. She also said this subcommittee should look at how the funding should be structured.

Attorney Gartner said that the City is currently dealing with two types of projects, there are the larger projects, which tend to include tax credits and multiple funding sources and then there are the smaller projects that receive small funding awards. He said the problem is that the City is using the same disbursement document model for both types and that seems to be causing a lot of trouble for the smaller projects, because of the amount of paper work. He suggested that this subcommittee may want to work on making a distinction on how the funding is being allocated, whether it will be in the form of a grant or a loan.

Ms. Madden said that at the July 2009 Housing Trust Fund Advisory Board meeting, Ald. Murphy said that the state passed legislation that would allow the City to extend its tax incremental districts (TID) closing and those addition funds could be put into the housing trust fund. She asked if there has been any monies received yet and who tracks that funding?

Mr. Kammholz replied that the state passed the extension on the closing of the TID's, but it's not automatic that the funds would go to the housing trust fund. He said that the state legislation included procedures that require the City to first adopt a resolution to extend the life of the TID for a specific number of months and then forward it to the Department of Revenue for authorization to allocate those TID dollars.

Mr. Kammholz also said that Ald. Bohl is looking to use those TID dollars for his street repair initiative and that the Joint Review Board had some concerns on whether those funds could be used for street repairs. He said the Joint Review Board recently sent a request to the Attorney General for an opinion on that issue.

Ms. Madden said that this subcommittee should pursue the TID funding issue as a next step.

Ms. Madden referred to item number six, on page eight of file 060071 and said that she was advised that Ald. Murphy had decided that it would be best for City staff to focus on getting the state legislature to pass legislation for the extension of TIDs, and

said that one of the next steps for this committee is to invite Jennifer Gonda to appear before this subcommittee and review the remaining six items on the list.

Mr. Kammholz replied that there is fiscal stress at all levels of government that may affect the outcome of those items that require changes to state legislation. He said that it doesn't preclude this subcommittee from recommending that the City pursue one or more of the other matters on the list.

Mr. Peters said that the WI Realtors Association appeared before the Housing Trust Fund Task Force and they stated that they are opposed to the real estate transfer fee going to the Milwaukee's housing trust fund.

Mr. Kwaterski said some of those items on the list would most likely be taken up in a state budget.

Mr. Kammholz said that the state collects the real estate transfer fee and retains most of it for plat records, etc., and the remaining portion of those funds are distributed to each of the counties for real estate title record. He doesn't know what the percentage is that is given to the each of the counties.

Ms. Madden said that she would like to review those government accounts to find out if there are any excess monies.

Mr. Kwaterski said the Wisconsin Fiscal Bureau is the place to contact to find out the accounts revenue streams.

Mr. Kammholz said the real estate transfer fee was a sensitive issue with the state and the county and suggested that the subcommittee wait until Ms. Gonda returns and have her research the revenue streams.

Mr. Peters referred to page seven of file #060071 and said that the Potawatomi payment should have been the housing trust fund's biggest funding source and should have been on-going and asked where is that payment?

Mr. Kammholz replied that the City would rather not earmark revenue for a specific purpose, because it may or may not meet the needs. What the City does is allocate a portion of its capital proceeds or levy proceeds to that it feels would meet the next year's needs for each of its programs.

Ms. Madden said that it will be challenge to get private donors if the City isn't stepping up.

Mr. Kammholz replied that the housing trust fund should consist of public and private funding.

Ms. Madden asked if it is the task of this subcommittee to find private funding sources only?

Attorney Gartner said that any use of city funds will have a tax levy impact.

Mr. Peters said that he was never in favor of the concept of using obligation bonds to fund the housing trust fund, because it would cost the City more. He said he is in favor of the TID extensions.

Ms. Madden asked Mr. Peters if he thinks its worth pursuing the TID extensions?

Mr. Peters replied in the affirmative.

4. Discussion on the next steps this committee needs to take relating to financing the housing trust fund

Ms. Madden said there is a next steps list and a "to-do" list:

The next steps list is as follows:

1. Mr. Peters will get contact information for Community Shares.

2. Ms. Madden said she will gather information on how to go about setting up the HTF as a recipient of United Way funds.

Mr. Peters asked if someone could find out if any of the organizations that are receiving housing trust fund dollars are also receiving United Way dollars.

Mr. Higgins replied that he could get that information.

3. Document how the monies will be allocated, whether they will be in the form of grants and/or loans.

4. Expense Management, such as set a ceiling award amount and possibly set a time period that the awardee will have to expend the award by.

5. Identify funding parameters.

Mr. Mathy said he would look at funding parameters.

Mr. Kammholz replied that Mr. Mathy could send his information to Mr. Higgins and the Technical Review Subcommittee could review it.

6. Mr. Mathy said he would review the promising practices listed in the Public Policy Forum study.

7. Mr. Peters said the Center for Community change has a website that has examples on how different housing trust funds run. He said he will get some examples for this subcommittee to review.

8. Mr. Kammholz recommended that this subcommittee meet with the Dept of City Development regarding TID extension funding. He said Ms. Madden may want to talk to Ald. Murphy first and then with the Commissioner of Dept. of City Development.

Attorney Gartner said that the TIF extension issue will probably be discussed during the City budget. He said by then the Attorney General's opinion should be in regarding the use of TID monies for Ald. Bohl's paving initiative.

The "to-do" list is as follows:

1. Have Ms. Jennifer Gonda appear before this subcommittee to review the remaining items listed under item six, on page eight of file #070061.

2. Look at how to structure a 501(c)(3) organization. Include how the small and large projects would be administered.

5. Next meeting date, time and agenda

Meetings will take place on the first Thursday of each month beginning with May 6 at 11:00 P.M.

Meeting adjourned: 1:02 P.M.

**Terry J. MacDonald
Staff Assistant**