



City of Milwaukee

Meeting Minutes

MILWAUKEE HOUSING TRUST FUND TASK FORCE

200 E. Wells Street
Milwaukee, Wisconsin
53202

ALD. MICHAEL MURPHY, CHAIR

Ald. Michael McGee, Jr., Vice-Chair

*Tom Capp, Sup. Marina Dimitrijevic, Heather Dummer Combs, Rocky Marcoux, Lucia Murtaugh,
Tony Perez, Brian Peters, Leo Ries, Bethany Sanchez, Mike Soika, Robert Shelledy*

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Wednesday, May 10, 2006

9:00 AM

Room 301-A, City Hall

Meeting convened: 9:09 A.M.

1. Roll call

Members present: Ald. Michael McGee, Tom Capp, Sup. Marina Dimitrijevic, Heather Dummer Combs, Una Van Duvall (designee for Rocky Marcoux), Lucia Murtaugh, Brian Peters, Leo Ries, Bethany Sanchez, Mike Soika and Robert Shelledy and Ald. Michael Murphy

Members excused: Tony Perez

Also present: Marianne Walsh, Emma Stamps and Jeff Osterman - Legislative Reference Bureau, Stephen Adams - Community Development Management Partnerships and Marne Stuck - Greater Milwaukee Association of Realtors

2. Review and approval of the minutes of the March 27th and May 4th meetings

Mr. Ries moved, seconded by Ms. Sanchez, for approval of the minutes of March 27th and May 4th. There were no objections.

3. Report and Recommendations from the Financing Models Subcommittee

Mr. Ries spoke on the recommendations of the Subcommittee (Exhibit 1). The Subcommittee felt that the most politically feasible source of revenue would be the use of retired tax incremental financing (TIF) money. Mr. Ries pointed out that changing state law would allow the trust fund to capture all the increment revenue generated by the retired TIF, rather than just the city share, as solely could be done with using money set aside from the city's general revenue.

Ald. Murphy asked that a spread sheet be done by the Legislative Reference Bureau noting how much revenue would be generated for each recommendation, with the corresponding changes that would need to be accomplished by the City Attorney's Office and the Comptroller's Office, in addition to the corresponding state legislation citation.

Ms. Sanchez asked if pursuing the real estate transfer fee might not antagonize potential allies to the trust fund. Sup. Dimitrijevic discussed the background of the issue and said that if the additional 5% is returned to county on a state-wide basis, the county might

pursue establishing a trust fund. Sup. Dimitrijevic said that the county feels that any changes should be done on the state level, not solely the local level. Mr. Soika also mentioned another possibility is to require that to access those funds, those funds must be matched with local funds.

4. Report and Recommendations from the Operational Criteria Subcommittee

Ms. Sanchez reviewed the recommendations to date of the Subcommittee (Exhibit 2). Ald. Murphy recommended that the Subcommittee look at the Philadelphia ordinance and discuss that as part of its recommendations. Sup. Dimitrijevic asked if the administrative costs would be picked up by the department with Ms. Sanchez noting that they would. Ms. Van Duvall encouraged the Task Force to have the affected city departments review the recommendations for their input.

Sup. Dimitrijevic noted that she sees a lack of affordable rental units. Ms. Sanchez stated that all of the trust fund dollars will be supplemented with other dollars, to the extent possible, and be leveraging other dollars.

The Subcommittee has not yet discussed income limits and members are divided on this issue. Mr. Ries encouraged some amount set aside for up to 120% of county median income, as there is a gap with federal funds that stop at serving those at the 80% level and above. Ald. Murphy said that he has seen this with the working poor who are struggling to pay their increased assessments and for whom no funds are available. Ald. Murphy would concur with Mr. Ries that 10% might be set aside. Mr. Soika noted that 120% of the county median income for a family of 4 is \$80,640. Mr. Capp noted that this will be discussed on May 19th, if anyone else wishes to attend.

The Legislative Reference Bureau will research other housing programs that are currently serving the Milwaukee area. Mr. Capp mentioned section 8 housing and how the fund could complement that program.

Mr. Ries also sees that one of the goals of the trust fund is to maintain the housing stock and he sees serving those at 80%-120% as supporting that goal, although money still needs to be reserved to serve the poor. Ald. McGee noted that if a homeowner already has a 5-year forgivable loan with another agency that homeowner may not be eligible for trust fund money. Ald. McGee asked if the task force would create an application form, but Ald. Murphy felt that this would be the job of the Community Block Grant Administration and the advisory board. Mr. Ries noted that if homeowners got any grants, a lien is generated on the property, so this can be checked relatively easily. Mr. Shelledy asked if members from the state and the county could be included as part of the advisory board. Ald. McGee thought that one or 2 citizens could be added as well, with Mr. Shelledy supporting having those citizens be from an eligible population. Ald. Murphy was concerned about the size of the board. Ms. Van Duvall noted that the listing was a pool to be drawn from, so the board size could remain at 13, with a larger pool being created.

5. Discussion and crafting of the final recommendations of the Task Force

The Legislative Reference Bureau can produce a draft document within the next 2 weeks and that can be forwarded to affected departments for review.

Ald. Murphy noted that the Mayor's budget deadline is September 23rd. Ms. Walsh introduced 3 Common Council files yesterday to move forward the action of the task force.

6. Set next meeting agenda and date

June 5th at 9 a.m. in Room 301-B

Meeting adjourned: 10:04 A.M.

Linda M. Elmer

Staff Assistant

Recommendations of the Financing Models Subcommittee:

The goal should be to have available \$5 million annually. There were no objections.

Changes needed to the local ordinances:

Mr. Soika moved that 1/3 of the Potawatomi's future expected increase in payments to the city above the minimally contracted amount of \$3.38 million or 1.5% of the net proceeds, or \$1 million, whichever is greater, would go to the Fund. There were no objections.

Mr. Soika moved for the use of retired tax incremental financing district increment amounts for a period of 4 years, coming from general revenue. There were 2 objections (Ms. Van Duvall and Mr. Ries).

Mr. Soika moved for using 80% of the proceeds from city lands sales. There were 2 objections (Ms. Van Duvall and Mr. Ries).

Mr. Soika moved for raising the city parking fee to the average for the geographic area and that the increased revenue be allocated to the housing trust fund. There were 3 objections. (Mr. Shelledy, Ms. Van Duvall and Mr. Ries).

Changes in state law needed:

The Subcommittee voted to extend TIF districts for use by the housing trust fund outside of the TIF area. There were no objections.

Mr. Ries moved for a linkage fee ranging from 10-30 basis points per foot of construction on all new construction. There were no objections.

Mr. Ries moved for a 50% state tax credit for any donation to the housing trust fund. There were no objections.

Mr. Soika moved to enact state legislation to allow cities and counties to levy taxes only for creation and maintenance of a housing trust fund. It is assumed that these new revenues would be exempt from the state revenue cap. There were no objections.

The Subcommittee voted to change the local share of the real estate transfer fee from 20% to 25%. There was one objection (Sup. Dimitrijevic)

The Subcommittee voted to increase the transfer fee itself statewide from the current \$3 to \$4, with the increase being dedicated to a housing trust fund. There was one objection (Sup. Dimitrijevic)

The Subcommittee voted on eliminating the exemption from payment of real estate transfer fee if the purchaser is an LLC. There were no objections.



Mr. Ries moved the city issue \$5 million in general obligation bonding, which would be a one-time commitment, as the city works on getting changes made in state law to obtain a permanent funding source. The bonds will be used for permissible uses under the statutes and be repaid over a 15-year period. There were 3 objections (Ms. Dummer Combs, Mr. Soika and Ms. Van Duvall).

Partial Recommendations of the Operational Criteria Subcommittee:

Mr. Capp moved, seconded by Ms. Dummer Combs, for categories with minimums of 25% of the fund used to develop housing and provide services for people who are homeless, 35% of the fund used to develop and/or rehab rental housing and 25% used toward creating and maintaining homeownership opportunities with the remaining 15% to be set aside as flexible funds to respond to needs at the board's discretion. There were no objections. (Ms. Marsells excused).

Mr. Peters moved that accessibility standards be included in all categories. There were no objections. (Ms. Marsells excused)

Ms. Van Duvall moved, seconded by Ms. Dummer Combs, for a minimum of 30 years of affordability for rental housing, with a review at 15 years where the authority has the right to remove the property from the program, with additional points if it goes longer than 30 years. There were no objections (Ms. Marsells was excused)

Ms. Van Duvall moved, seconded by Ms. Dummer Combs, that the money would be forgiven for home owners if the property is kept by the same owner for 5 years. This would be ensured through a deed restriction on the property. The Housing Trust Fund will be reimbursed the entire loan amount if the property is sold sooner than 5 years unless the property is sold to another income-eligible household as defined under the income limits set by the trust fund. There were no objections (Ms. Marsells was excused).

Ms. Marsells moved, seconded by Mr. Capp, that CBGA be identified as the primary staffing agency, with the Department of City Development/Neighborhood Improvement Development Corporation as the second choice and a private non-profit agency as the third choice. There were no objections.

Ms. Van Duvall moved, seconded by Ms. Dummer Combs, that the advisory board be composed of the following 13 members. There were no objections:

2 Common Council members to be appointed by the Common Council President.

2 members to be appointed by the Mayor.

The Comptroller or his designee

A non-profit developer

A for-profit developer

A representative from Continuum of Care

A representative from a financial institution

A representative from the Local Initiatives Support Corporation

A representative from the Fair Housing Council

A representative from Independence First

A representative from the Interfaith Conference

Members will serve staggered, 2-year terms.



Ms. Van Duvall moved that the board's duty is to evaluate the proposals submitted to it, with city staff responsible for evaluating housing needs and providing a report on such to the board. The report will follow the current schedule followed by the city staff in reviewing housing needs on an annual basis and provide the board with a tool to use in allocation of funds. There were no objections.

Casino payout not so big

Competing venues could both thrive, but Potawatomi growth curtailed
THE BUSINESS JOURNAL OF MILWAUKEE - MAY 5, 2006
BY David Schuyler

On any given weekend night, gamblers occupy nearly all of Potawatomi Bingo Casino's 1,700 slot machines. Other patrons stand two deep around the blackjack and roulette tables awaiting an opportunity to lay down their money.

Even on weekday nights, the casino remains more than half full. At first glance, that would seem ample evidence for the Forest County Potawatomi Community to expand the casino in Milwaukee's Menomonee River Valley. The tribe plans to add 1,400 slot machines to its 1,700-slot facility in 500,000 square feet of new gaming space.

But in Kenosha 45 miles to the south, a plan is emerging that could reduce the revenue growth projected from the Potawatomi expansion plan.

Today, the Dairyland Greyhound Park in Kenosha is the last dying vestige of Wisconsin's dog track era. But the same site could hit the jackpot if the Menominee Indian Tribe of Wisconsin gets its way and builds an \$808 million entertainment and casino complex with 3,100 slot machines.

Gaming experts and statistical analysis back the belief that a new casino in Kenosha would clearly siphon off many Potawatomi customers. At the same time, there is plenty of room for Potawatomi to grow revenue by as much as 70 percent.

"Wherever you got a large city (like Milwaukee), it could easily support multiple casinos," said I. Nelson Rose, a professor at Whittier Law School, Costa Mesa, Calif., and a gaming consultant.

The Milwaukee casino would likely lose nearly all its patrons from Illinois -- the primary market of the proposed Menominee casino -- and the vast majority from Racine and Kenosha counties. But it would still maintain a great deal of its customer base, which extends north and west of the Milwaukee area.

"Obviously, (Potawatomi) is going to lose a certain fringe of (its) business," said Greg Hanis, president of hospitality consulting firm Hospitality Consultants International Inc., Pewaukee.

STUDY VS. STUDY

Over the last 16 months, the two tribes have issued opposing studies on the impact of their proposals.

The Potawatomi claim a major loss in revenue and patrons if the Kenosha casino opens.

"Under any scenario, our projected revenue will be severely affected by a Kenosha casino," said Jeff Crawford, attorney general for the Potawatomi tribe. "We're concerned about all of the dollars that are leaving Milwaukee."

On the flip side, the Menominee say the market is, indeed, large enough to support growth and profitability at both operations.

"There's a significant underserving of the market," said Evan Zeppos, spokesman for the Menominee Indian Tribe and its development partners. "(Gaming has) grown as a form of entertainment."

The Menominee casino is likely to slash traffic levels for Potawatomi from Illinois because gamblers tend to gravitate to the "nearest casino of convenience," gaming consultant Rose said. A casino in Kenosha would place a virtual roadblock near the state line, he said.

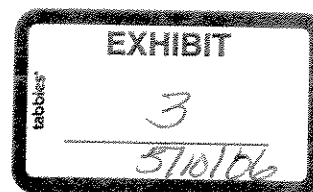
"It's obviously going to cut off a lot of the Chicago traffic," Rose said.

The impact could be significant. About 20 percent of the Milwaukee casino's 5 million visitors a year come from Chicago, said Potawatomi spokesman Ken Walsh. Assuming an equitable rate of spending among visitors, that represents \$65 million in annual revenue given the casino's estimated \$325 million in revenue in 2005.

RATIOS FAVOR EXPANSION

In favor of the Menominee contention that southeastern Wisconsin can support two mega-casinos is the area's relatively low ratio of gaming compared with other metro areas.

For example, the St. Louis area supports five commercial, or non-Indian, casinos that reported total revenue growth of 13 percent in 2005, raking in \$960 million, according to data from state gaming officials. The casinos operate an estimated 6,100 slot machines and 256 tables in a region with a population of more than 2.6 million. That means there are 415 people for every slot machine and gaming table in operation.



The Chicago area supports eight casinos with a ratio of 762 people for every slot machine and gaming table.

In the five-county Milwaukee area, the ratio now stands at 977, showing definite room for growth. If the Potawatomi tribe completes its planned expansion of its Menomonee Valley casino, the ratio drops to 530, greater than St. Louis, but less than Chicago.

The Milwaukee figure will lose its luster, however, if the Menominee casino opens in Kenosha, which would draw from the existing Potawatomi market.

About 1.5 million people live in the Wisconsin and Illinois counties that would be the core of the Kenosha casino's base. The ratio for the Kenosha casino and its core market is projected at 461 slots per person. However, that ratio looks more robust when adding the portion of Cook and Kane counties in Illinois that the Kenosha casino is likely to capture, some at the expense of the Potawatomi casino.

The bottom line: The four-county Milwaukee area, excluding Racine County, could support 3,500 slots, 146 tables and \$550 million in annual revenue.