



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, Vincent Lyles, Cathie Madden, Jim Mathy, Joanne Passaro, Brian Peters, and Michael Soika

Staff Assistant, Terry MacDonald

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Thursday, July 9, 2009

11:00 AM

Room 301-B, City Hall

Meeting convened: 11:09 A.M.

1. Roll call

Ms. Heather Dummer Combs and Mr. Ray Schmidt have resigned as members of the Housing Trust Fund Advisory Board since its last meeting.

Present 7 - Hiller, Kammholz, Bauman, Murphy, Madden, Lyles and Soika

Excused 3 - Sanchez, Peters and Gore

Also present: Steven Mahan, Director, Dept. of Admin., Community Development Grants Administration

2. Approval of the minutes of the June 12, 2009 meeting

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

3. Discussion on the process and timeline for the next round of funding awards

Mr. Mahan said that at the last Housing Trust Fund Advisory Board (HTFAB) meeting Mr. Higgins said that the month of August would be a good time to begin the process for the next round of housing funding awards. He said the notification for the housing trust fund (HTF) RFP could go out simultaneously with the 2010 community development entitlement funding notification and the due date for the submission of HTF RFP's could be set for September 1, 2009. The award recommendations could be considered by the HTFAB at its September's meeting.

Mr. Kammholz said a one month turn around would be difficult to accomplish. The August 1st date to begin the process would work, but the training sessions, the due date for the RFP is usually 4-6 weeks and then time is needed for the HTF Technical Review Subcommittee to review the applications and this would take a lot longer than one month.

Ald. Murphy said November would be a more realistic timeline.

Mr. Mahan said WHEDA will be awarding its tax credits in the middle of August.

Ald. Murphy asked Mr. Mahan to begin the HTF RFP process in August.

Mr. Mahan said the media notification for the 2010 housing trust fund RFP will take place the first week in August.

4. Discussion regarding whether or not parameters should be set for the following items and, if so, what should those parameters be:

1) *Timeframe for organizations that received a housing trust fund award to come up with their funding sources*

2) *Funding limits of housing trust fund awards*

3) *Use of the housing trust fund as loans and revolving loans (versus grants only)*

Ms. Madden said she suggested that this board may want to discuss the above three issues, because she has received repeated comments and concerns relating to each of them.

Mr. Mahan referred to item number one and said that should be determined on a case by case basis.

Mr. Lyles asked if the City has a set timeframe for block grant dollars?

Mr. Mahan replied in the affirmative. Block grant funds have a 12 month processing cycle.

Mr. Hiller said exceptions tend to become the rule.

Ms. Madden said that what she meant by funding sources under item number one is who are the buyer of the awardee's tax credits.

Mr. Mahan replied that a timeframe should be set, but there are circumstances that may come up that may need an exception.

Mr. Kammholz said that the housing trust fund does have a 12 month timeframe and if an awardee is nearing its 12th month, this board will then have to make a decision on whether to extend the applicant's time or take the award back.

Mr. Lyles asked if the board should lay out what the exceptions or waiver might be?

Ald. Murphy replied that there could be an appeal process put in place.

Mr. Mahan said due to the housing market this board may see an increase in requests for extensions.

Ms. Madden asked what happens when CDG funded applicants reach the 12 month timeframe?

Mr. Mahan replied that there is an appeal process, where the applicant can have its award brought back before the Common Council for an extension.

Mr. Tieg's Whaley-Smith, Community Advocates, Inc. appeared and said that it would be a benefit to HTF applicants to receive their housing trust fund awards prior to the submission of their applications to WHEDA for tax credits, because they could get extra points for having a local financial commitment.

Mr. Whaley-Smith said that he would like to see the housing trust fund use the same timeframe model that the City uses for land sales, which has is a two year timeframe.

Ald. Murphy said his concern with a two year timeframe is that it would tie up housing trust fund awards for two years. He said he would like this board to continue with its current 12 month timeframe and consider exemption requests as they come up.

Mr. Hiller suggested that there be some language put on the application form that would clarify the timeframe.

Ald. Murphy replied in the affirmative. He said Mr. Mahan can work with the City Attorney to put some language together that would clarify the timeframe.

Mr. Mahan referred to discussion item number three regarding the use of HTF as loans and said the housing trust fund awards are currently let as loans for tax credit purposes. He said as far as revolving loans, it was administratively determined that the City should stay away from doing revolving loans, because it would be an administrative burden to monitor that type of loan.

Ald. Murphy said the concern he has with revolving loans is that most of the organizations that receive housing trust fund awards are getting little or no profit from their development, so they wouldn't be able to pay back a loan.

Ms. Madden asked if they could issue housing trust fund awards in the form of a low interest loan?

Mr. Kammholz replied that some of the restrictions for forgivable loans were driven by the low income tax credit regulations, but there may be a project that isn't applying for WHEDA tax credits where a low interest loan could be offered. He said the type and structure of the housing trust fund awards are determined during the negotiation part of the process.

Ms. Madden said if a low interest loan would be offered, shouldn't the applicant know in advance that is what they may be applying for?

Mr. Kammholz replied in the affirmative. He said that could be made clearer in the application form by adding some language that would clarify how the housing trust fund award may be structured. He said the wording for that language could be discussed further by the Technical Review Subcommittee.

Ald. Murphy said the City Attorney can help put together some kind of disclaimer clause that says housing trust fund awards may be awarded as a low interest loan.

Ms. Madden asked if the housing trust fund has a set funding award limit?

Ald. Murphy replied in the negative.

Mr. Mahan replied that the award requests have been reasonable.

Ms. Madden proposed that there be a percentage or ceiling on a housing trust fund award.

Mr. Kammholz replied that the Technical Review Committee could review the funding requests and then determine Ms. Maddens proposal.

Ms. Lisa Kuklinski, Regional Director for Mercy Housing appeared and said that the low income housing development projects are filling a need in the City and are serving a government purpose.

Mr. Whaley-Smith said if the housing trust funds were offered as revolving loan instead of forgivable loans it would have a negative impact on the low income housing development.

5. Discussion on should the HTF solicit and accept private funds? If so:

What would the process be for soliciting funds?

What is the structure for accepting funds?

Mr. Mahan said that there has been some legislation on the national level for housing trust funds. He said Congressman Frank is behind it and if that legislation is enacted there would be national funds available for housing trust and his office will be applying for those funds. He said those funds would probably have to go through the State, which means WHEDA would have control over the funds and the City would have to fight for those funds.

Ald. Murphy said that he and Mr. Mahan can work on putting together letters to Congresswoman Gwen Moore and Senators Feingold and Kohl asking them to work on getting a direct allocation of those federal housing funds to the City of Milwaukee based on a fair share formula.

Ald. Murphy said he has already sent letters to several foundations requesting donations.

Mr. Kammholz said there is already a process in place that allows for the acceptance of private contribution to the Housing Trust Fund.

Mr. Mahan suggested that the City contact United Way and asked to be added to the list of recipients to receive donation for the housing trust fund.

Ald. Murphy replied in the affirmative.

Mr. Mahan said he would contact United Way.

Ald. Murphy said he will put an item on the next HTFAB agenda to discuss the impletions of donation recommendations.

6. Discussion relating to a requirement that all organizations who receive housing trust fund awards include the housing trust fund logo on its project site construction signs

Mr. Mahan said he would implement this requirement.

7. Discussion and possible action relative to the timing of housing trust fund disbursements

Ald. Murphy said that when the housing trust fund process was set up it was determined that the housing trust funds were to be the last dollars in.

Mr. David Lyon, Project Manager and Ms. Lisa Kuklinski, Regional Director, Mercy Housing and Atty. Bill Cummings, Law Firm of Reinhardt, Boerner, Counsel for Mercy Housing appeared on this matter.

Mr. Lyon said they appeared to discuss a request for early disbursement of Mercy Housing's housing trust fund award, so that it could be use in the actual construction phase of the project. He said if they received the housing trust fund award during the construction phase of the project they would save on the construction loan interest and that saving could be put into the project. He said by reducing the construction loan with the housing trust fund award dollars, they could save about \$30,000 to \$40,000.

Ald. Murphy asked Mr. Lyon to send the request to him in writing.

Ald. Murphy said that knowing that when the housing trust fund allocation was going to be disburse as last dollar in, he asked Mr. Lyon how and when did he figure out that they will lose \$40,000 in funding for the project.

Mr. Lyon said it isn't that they found a critical situation or a loss of funding for the project, it is part of their process to continue finding creative ways to be more efficient and effective throughout the project. He said even if this board denied the request the project will still go forward and be completed on time. He said the county has agreed to disburse a partial allocation of the housing trust fund awarded to Mercy Housing at Mercy Housing's financing closing in the amount of \$500,000.

Mr. Mahan said he talked to Mr. Jim Hill with Milwaukee County and he said the County is disbursing 75% of Mercy Housing award at their financing closing. He said that Milwaukee County does this all the time and it would be up to this board if it would approve this exception. He said he feels if this board would approve an early disbursement of housing trust funds for Mercy Housing that every applicant who received housing trust fund awards will want their awards disbursed early too.

Atty. Cummings said that the construction loan interest is higher right now due to the market. He said what Mercy Housing would like to do is have its closing on all the funding sources at one time. He said the funding would not be put in until all the money was committed.

Ald. Murphy asked Atty. Cummings to put the request for early disbursement of the housing trust fund award proposal in writing and submit it to him and he will have it distributed to all of Housing Trust Fund Advisory Board members.

8. Discussion on current housing trust fund legislation

Ald. Murphy said Senator Cogg's legislation passed that will allow the City to extend its Tax Incremental Districts closing and the additional monies received would be allocated to the housing trust fund.

Mr. Soika asked if the Comptroller's Office could provide a list of all the City's active Tax Incremental Districts?

Ald. Murphy replied in the affirmative.

9. Set next meeting agenda

Next meeting date: August 13, 2009

Mr. Soika said he will not be available to attend the August 13, 2009 meeting.

Meeting adjourned: 12:15 P.M.

Terry J. MacDonald
Staff Assistant