



# City of Milwaukee

## Meeting Minutes

200 E. Wells Street  
Milwaukee, Wisconsin  
53202

### HOUSING TRUST FUND ADVISORY BOARD FINANCE SUBCOMMITTEE

**VINCENT LYLES, CHAIR**

**Cathie Madden, Vice-Chair**

**Brian Peters, Ray Schmidt, Bethany Sanchez**

**Staff Assistant, Terry MacDonald**

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Monday, December 3, 2007

3:00 PM

Room 301-A, City Hall

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**Meeting convened: 3:08 P.M.**

**Present** 5 - Sanchez, Madden, Peters, Schmidt and Lyles

*Also present: Tom Gartner-Assistant City Attorney, Leo Ries-Program Director-Local Initiatives Support Corporation (LISC) of Milwaukee, Craig Kammholz-Member of the Housing Trust Fund Advisory Board, Martha Brown and Maria Prioletta staff from Department of City Development*

**1. Approval of minutes from the September 4, 2007 meeting**

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

**2. Update on Housing Trust Fund Activities**

*Mr. Lyles said that Mr. Kammholz the chair of the Housing Trust Fund Technical Review Subcommittee (HTFABTRS) wasn't there yet to give an update. He then asked Ms. Madden, who is also a member of the HTFABTRS to give the update.*

*Ms. Madden said that at the last HTFABTRS meeting, it reviewed the scoring sheet to make sure there were common definitions for each of the criteria, so that all the members were on the same page. She said some of the members took some of the criteria home with them to prepare definitions and will bring them back to the next HTFABTRS meeting. She said the scoring sheet has been brokedown into objective and subjective criteria and the City staff will do the scoring for the objective criteria and the subcommittee members will score the subjective criteria and they will than many them. She said the next HTFABTRS meeting is scheduled for January 7, 2008 and at that meeting they will go through and score each of the applications and than make recommendations that will be referred to the full Housing Trust Fund Advisory Board (HTF) for final approval.*

**3. Discussion on creating an overall Trust for future housing trust fund monies, e.g.,**

*Mr. Lyles said that one of the options that he would like this subcommittee to consider is the creation of a trust, where they could put a portion of the proceeds into some kind of financing vehicle, that would operate like a trust and would produce dollars annually and those dollars would then be uses to fund housing trust fund related activities. He said he would like to have some discussion on the creation of a trust and to find out if this is something this subcommittee would like to move forward with and, if so, should they bring it before the full Housing Trust Fund Advisory Board (HTFAB) meeting next week for its approval.*

*Mr. Schimdt asked if this is a follow-up to the conversation this subcommittee had with Mr. Reis and staff from Department of City Development?*

*Mr. Lyles replied in the affirmative. He said this strategy will only be viable if the entire board is willing to move it forward. He said if they took a portion of the trust fund dollars and put it into some kind of financing vehicle that could generate a significant amount of money.*

*Mr. Schmidt asked what happen with the idea of taking some of the pension funds and investing it into the housing trust fund?*

*Mr. Lyles said that they haven't approached any of the different kinds of funding ideas that this subcommittee had talked about. He said he talked to Mr. Seifert and told him that the housing trust fund isn't ready to have someone invest in it yet. He said eventually they could have Mr. Seifert come in and talk about how to manage a trust fund.*

*Mr. Lyles said part of the reason he is pushing this is that this could be the way they could get the private sector to buy into this housing trust fund. He said at this point in time most of the people in the private sector think this will be funded by government dollars only and it would continue to use only government dollars.*

*Mr. Schmidt said that he is wondering if it would be an easier sell to the full HTFAB if this subcommittee would talk to them with actual quasi-concrete ideas with numbers attached as opposed to just bringing the concept itself. He asked if they could get a Mr. Seifert to come in to have a conversation on this trust concept, so that it would have more meat to it, before they bring it before the full board.*

*Ms. Madden said that she had a talk with Mr. Leo Ries, the LISC representative for the HTFAB, and asked him how this concept could be moved forward. She said they weren't sure how to go forward with it, so they met with Pat Curley, Mayor Barrett's Chief of Staff and he was very supportive of the idea on matching private dollars with city dollars, so she and Mr. Reis proposed to Mr. Curley that they should put together a small group of the people to go through the issue of what the parameters of a housing trust fund would look like, who would invest what, how would the dollars be leveraged, etc. She said she and Mr. Ries put together a letter to the Mayor asking him if he could help put together this group of people so that they could talk to them about this concept. She said unfortunately the letter was sent to the Mayor during the budget process and they have not heard back from the Mayor as yet. She said Mr. Reis has done a follow up with Mr. Curley.*

*Ms. Madden said that there are models that use private and public funds out there.*

*Mr. Peters asked for Ms. Madden for examples of the models that she is referring to.*

*Ms. Madden replied that whether all the models are successful or not, she is not certain. She said one of the organizations that have been a part of many models is the MacArthur Foundation. She said there is also the Mcknight foundation, the Guest House of Milwaukee, the Living Cities, which is a national organization, the Itasca Project. She said there is a Disparities Task Force that works with the business community to come up with funding models where both public and private dollars would work together. She said that there are several other examples used in the Twin Cities.*

*Mr. Lyles said that other examples would be the Bradley Center and Bradley Tech High*

*School. He said one way to attract the private sector to support the Housing Trust Fund is to provide some kind of carrot to the private sector that they could understand.*

*Ms. Brown appeared and said one of the things that is very essential to this trust fund idea, is not just the matter of bring money from many sources towards this goal, but it is the amount of funds itself that will be needed to invest that Mr. Schmidt was talking about earlier. It is having money that makes money and that money that is made by the principle is the money that would become available for projects. She than suggested that Jim Marks with the Milwaukee Foundation may be a good resource to investigate this concept with.*

*Ms. Madden said she agrees with Ms. Brown and said it will moved the housing trust fund from the concept of a being non-for-profit entity, that is constantly looking for donations to an investment fund, along the lines a social responsible portfolio.*

*Mr. Schmidt said that a trust would need a sizably corpus.*

*Mr. Lyles replied in the affirmative. He said that is why the City's on going commitment is so important, because in the early years of the trust, it wouldn't have enough spin off. He said if the city is putting up \$400,000, \$500,000, \$1 million each year and over time it will create a sizable corpus and then at some point in time the fund could be weaned off public dollars.*

*Ms. Madden said some of the HTF board members are concerned with city dollars always being a part of the mix.*

*Mr. Peters said he has concerns with who would be controlling this trust fund and asked would it be controlled by the city or the private sector?*

*Mr. Kammholz replied that up to this point the city has been in control, because it is all city dollars at this time, but if additional dollars were brought in from the private sector, over time it would become a public-private split and the control will change.*

*Mr. Lyles said the ultimate goal here is to provide support to worthy projects. He said how the funds are delivered on an on going basis is why this idea is being floated. He said the goal is to determine what can be done to create sustainability.*

*Ms. Brown said that the next appropriate step for this subcommittee is to do some deep research to find some actual models that have developed a corpus of public and private funds that spin off investments for community causes. She said that the Milwaukee Foundations is a good source to investigate such details. She said that those details are what needs to be brought to the table.*

*Ms. Madden asked have if they have to look only in the state of Wisconsin for possible funders? She asked if they could look to people from other states as possible funders?*

*Mr. Schmidt and Ms. Brown both replied in the negative to the first question.*

*Mr. Kammholz said that in terms of building a corpus they would have to raise a large amount of money. He said it is important that the housing trust fund show immediate success.*

*Mr. Schmidt said that they are looking for investments not donations.*

*Mr. Lyles asked the subcommittee members how do they want to go about getting this concept heard by the full HTF board?*

*Ms. Madden asked if it is too soon to bring it before the full HTF board?*

*Ms. Brown said that in the end the Common Council and the Mayor are the audiences that need to decide if this is the direction they want the funding to go. She suggested that the subcommittee talk to Ald. Murphy about the concept first, before bring it to the full HTF board.*

*Mr. Kammholz asked what is the proposed dollar amount that they are looking for?*

*Mr. Lyles replied that there wasn't a dollar amount decided on yet, but he thinks that \$500,000 per year would be best for the community and that the \$500,000 would be his initial comment to the full HTF board.*

*Mr. Lyles said they could give a report to the HTF board and than set up a discussion meeting with Ald. Murphy.*

*Ms. Madden said they should meet with Ald. Murphy first to see what he thinks.*

*Mr. Lyles said he would let Ald. Murphy know ahead of time on what the Finance Subcommittee plans to report to the full HTF board at its next meeting.*

*Mr. Schmidt said that he is very supportive of this idea, but would be reluctant to put the brakes on using a percentage of the \$2.5 million of HTF for this idea, because the 2008 city funding is a very small amount.*

*Mr. Kammholz said the Tech. Review Subcommittee had spend a lot of time on the 2007 funding guidelines for the allocation of the housing trust funds and explained that the \$2.5 million can be carried over to 2008, 2009 and 2010. He said that as far as the 2008 funding of \$400,000, if it isn't used by the end of 2008 they will loose it. He suggested that it may be a good use to transfer the \$400,000 to a seed fund or trust fund.*

*Mr. Lyles said that Mr. Schmidt makes a good point, but he also thinks that they should be thinking about, from a long term prespective, what they should be saying to the community at large and that should be that we are prepared to try and make this thing work over the long haul regardless of what happens. He said the way to do that is to set some money aside and if that amount turns out to be the \$400,000 that is great. He said that the more it is setup to show that it is going to be around for a long time, the more it will look real to investors and that it will be around for a long and it is not just a political campaign.*

*Mr. Lyles asked the subcommittee members if they are all OK with bring this idea before the full board?*

*Mr. Peters said he does have some concerns, but there is too much he needs to learn about the idea at this time.*

*Ms. Brown said that Milwaukee County has established something it is calling a housing trust fund, and because the county doesn't have access to kind of community block grant resources than the City does, its funding for its housing trust fund is going to be more reliable in terms of the amount of money set aside each year. She said the county has set aside a million dollars in 2007 and a million in 2008. She said the County's*

*housing trust funds are aimed very specifically at supportive housing. She said this may be another avenue to look at, is to see if the County would be interested in using its allocation to help capitalize this sustainable city trust fund.*

*Mr. Schmidt asked if the County housing trust fund is from the Park East land sales?*

*Ms. Brown replied in the negative.*

*Mr. Lyles said that he is hopeful that they will have some serious discussions and research done on this trust fund idea.*

*Ms. Brown said WHEDA has a foundation that could be considered as an early investor.*

*Ms. Madden asked if the full HTF board is in favor of this idea, what would be the next step this subcommittee will need to take?*

*Mr. Lyles replied that one of the people they should reach out to initial would be Jim Marks with the Milwaukee Foundation. He said they may also want to contact others in the community that could help with the structure of a trust and than also research other models.*

*Ms. Madden asked if they could consider the idea of meeting with the Mayor and asking him to pull a group of people from the community together?*

*Ms. Brown said she could talk to the Mayor's office.*

*Ms. Madden replied in the affirmative and said it would be considered a response to the letter Mr. Reis sent to the Mayor in December 2007 regarding the group idea.*

*Mr. Peters referred to the Sept. 4, 2007 HTF Finance Review Subcommittee meeting minutes and asked for a follow-up on Ald. Murphy's introduction of legislation that would modify the laws to fix the issue relating to Potawatomi revenue being designated to the housing trust fund.*

*Ms. MacDonald replied that an ordinance was introduced, but is not sure what happened with it. She said she would find out and get that information to Mr. Peters.*

*Mr. Peters referred to page three of the September 4th meeting minutes regarding the Payment In Lieu Of Taxes (PILOT) program and said that it says there isn't a designation of dollars from the PILOT program for the housing trust fund.*

*Mr. Lyles replied that the way he understood Ms. Reavey's presentation was that the PILOT was something that the City of Milwaukee was trying to step up their efforts on and that the PILOT dollars could be a potential source of funding for the housing trust fund, but the City hasn't collected enough PILOT dollars to put towards the housing trust fund or any other program.*

#### **4. Next meeting date, time and agenda**

*No future meetings dates were set.*

*Meeting adjourned: 4:09 P.M.*

*Terry J. MacDonald  
Staff Assistant*