



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Meeting Minutes SPECIAL JOINT COMMITTEE ON THE REDEVELOPMENT OF ABANDONED AND FORECLOSED HOMES

ALD. ROBERT BAUMAN AND STEVE CHERNOF, CO-CHAIRS
Ald. Joe Davis, Sr.; Ald. Willie L. Hines, Jr.; Antonio Perez, and Maria Prioletta,
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Tuesday, October 14, 2008

8:30 AM

Room 301-G, City Hall

Please note that 24 hours' notice is not being given for this meeting as it is impractical.

Meeting convened: 8:40 A.M.

Also present:

Alex Runner for President Willie Hines

Jim Sayers and Suzanne Dennik - Dept. of City Development

Tom Mishefske - Dept. of Neighborhood Services

Present 3 - Davis, Bauman and Chernof

Excused 3 - Hines Jr., Prioletta and Perez

Roll call taken at 8:46 A.M.

Present 4 - Davis, Bauman, Chernof and Perez

Excused 2 - Hines Jr. and Prioletta

1. Update from the Department of City Development related to the city's plan for consideration and approval of plans of action to be submitted to the United States Department of Housing and Urban Development.

Jim Sayers and Suzanne Dennik reported on this item as Ms. Prioletta is unable to attend this meeting. Mr. Sayers provided a copy of the NSP Substantial Agreement which shows the timelines for submissions and deadlines. The completed documents will be submitted to the United States Department of Housing and Urban Development (HUD) by November 26, with Common Council approval on November 25. The federal deadline is December 1. The Department explained the HUD requirements and the department's proposed submissions.

Ald. Bauman encouraged the department to include and focus on foreclosed houses already owned by the city because work can begin on them immediately. Ald. Davis would like to encourage a diversified approach in trying to leverage the \$9.1 million that city is scheduled to receive from HUD and work with financial institutions to maximize the impact of the federal funds.

As of July 23rd, the most recent list, 1,508 houses have been foreclosed on in the city.

HUD is requiring that properties be targeted according to its 3 criteria, but the city also wants the ability to spot target problem properties, which shouldn't be a problem as HUD has no geographic restrictions on these funds. The majority of resources, however, have to be targeted in the areas of greatest need, per HUD restrictions. Mr.

Mishefske felt that the city's ability to spot target specific problem properties would be a great benefit to all aldermanic districts since aid is not limited solely to the Community Development Block Grant (CDBG) area.

Mr. Perez was concerned about what happens with properties or what action the city should take if time is limited for a project and the project is not completed at the end of the deadline. This could be a concern as these HUD dollars are only available for an 18-month period.

The department is expecting that many of the beneficiaries of these funds will be under 50% of median income so compliance with HUD guidelines will not be an issue. The department is applying its current practices to the program as a way to verify compliance with HUD guidelines. Ald. Bauman would encourage the department to encourage green practices as well as a type of pilot project. Ald. Davis would also like to have text added on the document submitted to HUD noting that the city will work with tenants on relocating them following a foreclosure.

There are currently 39 bank foreclosures with raze orders and 16 foreclosed by the city with raze orders. Raze orders, however, do not always result in razings - they just function as a means of getting the owners' compliance with building orders. The city is also looking at deconstructing buildings, rather than razing them. Mr. Mishefske noted that a number of the demolition companies will salvage items that have value from the buildings prior to razing them, but this is primarily moldings or built-ins rather than structural wood.

The Committee also referred the matter of recycling of building materials and deconstruction to the Milwaukee Foreclosure Partnership Initiative (MFPI) for its discussion.

Mr. Chernof encouraged the department to talk to the realtors about getting a lower commission, rather than 6% off the top and ensuring that buyers are financially sound. Ald. Davis noted that the counseling will be vetting people to ensure that they are financially stable. Technically, the city is providing a second, forgiveable mortgage of \$20,000.

The department also wanted to have buyers identified for specific properties before rehabilitation begins. Ald. Davis mentioned that contractors need to be certified so that deadlines are met rather than projects merely being strung along.

Land banks might work well, but a plan would need to be created once funds run out in 18 months. There is some risk involved in this buyers may not be able to be found in a timely manner and the city is liable for maintenance and liability for the property. The department will send its new draft to committee members for review prior to the next meeting.

Ald. Davis would like a consistent recommendation between this committee and MFPI so that the Council's job is easier in forwarding the document to HUD.

Ald. Bauman is concerned about apartment buildings and multi-family units in foreclosure. These properties end up being managed by receivers who are not good landlords and, if allowed to, these buildings would use a majority of available funds as these are high-value buildings in relation to single-family homes.

The state also has \$38.8 million to allocate to those counties who have high foreclosure rates, so Milwaukee will be making its pitch to receive a percentage of those funds as well.

At the end of discussion, Ald. Bauman also presented a synopsis of his suggestions (Exhibit 1).

2. Presentation by Ald. Joe Davis on his attendance at national meetings related to vacant structures, foreclosures and the mortgage crisis.

Ald. Davis had nothing to add for this item.

3. Update by Jim Sayers, Department of City Development, related to the Milwaukee Foreclosure Partnership Initiative (MFPI)

This was discussed under item #1 as part of those discussions.

4. Set next meeting agenda(s), time(s) and date(s)

The Department of City Development will provide an update on item #1 from this agenda.

Friday, October 24th at 8:30 a.m. in Room 301-G

Meeting adjourned: 10:08 A.M.

Linda M. Elmer

Staff Assistant