



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Meeting Minutes SPCL. JNT. CTTEE. 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,
Staff Assistant, Linda Elmer, (414)-286-2232
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Monday, July 13, 2009

10:00 AM

Room 303, City Hall

Meeting convened: 10:10 A.M.

Also present:

Steve Mahan - Community Block Grant Association

Art Dahlberg and Tom Mishefske - Dept. of Neighborhood Services

Adam Stephen - City Attorney's Office

Various interns from the Mr. Chernoff's office and the City Attorney's Office

Present 4 - Hines Jr., Prioletta, Bauman and Chernof

Excused 2 - Davis and Perez

1. Review and approval of the minutes of the June 22, 2009 meeting

Mr. Chernoff moved, seconded by Pres. Hines, for approval of the minutes. There were no objections.

Roll call taken at 10:13 A.M.

Present 5 - Hines Jr., Prioletta, Bauman, Chernof and Perez

Excused 1 - Davis

2. Update from the Department of City Development and the Community Block Grant Administration related to the city's plan for dispersal of Neighborhood Stabilization Program Funds.

Ms. Prioletta noted that the Dept. of City Development is continuing its outreach efforts and has 33 pending contracts. The dept. has been working on completing the city's NSP 2 application for the second round of federal grants. Ald. Bauman would like to create a Housing Preservation Fund to permit spot renovation of city-owned real estate to rehabilitate city-owned foreclosed properties in order to maintain the structure in anticipation of being able to sell it in the future. Ms. Prioletta noted that if any federal funds are used to rehab a property, any work done on the property in the future must meet federal standards, which would increase the owner's costs. This Fund would be created through the capital budget and would work with a proposed

ordinance to triage city-owned properties to decide quickly on the best course of action for a property. Ald. Bauman is concerned about a property at 3222 W. St. Paul, which the city now owns but that would cost \$200,000 to rehab, which would be a candidate for the Housing Preservation Fund. Ald. Bauman also noted that the sales of properties would also include standards for exterior maintenance.

Mr. Dahlberg noted that every demolition that uses city funds is reviewed by himself to verify that there isn't another viable use for the building. The Dept. of Neighborhood Services isn't opposed to stabilizing properties, but is currently demolishing the worst-of-the-worst structures (those that are fire-damaged, have open roofs with interior water damage and really are not salvagable).

Ms. Prioletta noted that the citywide there's almost a 10% decrease in foreclosures (Exhibit 1). The Dept. of City Development is seeing a significant decline in property sale prices - the average sale price was \$70,000, but that, for the first quarter of 2009, has dropped to \$30,000. There might be more sales occurring which might also be decreasing the average sale price.

Mr. Chernoff mentioned the concern of lenders beginning the foreclosure process, then walking away as the lender doesn't actually want the property and, by then, the homeowner has abandoned the property. Mr. Dahlberg noted that the city does have an ordinance that lenders are responsible for meeting certain maintenance requirements. Ald. Bauman noted that this is an opportunity for the city to begin the in-rem foreclosure process on some of these properties and take city ownership.

Mr. Mahan said that two homeownership contracts were approved last week - one for \$75,000 and one for \$17,000.

The Dept. of City Development has looked at purchasing properties, but there are holding costs associated with these properties and it would be willing to do it on a piecemeal basis, rather than citywide. Ald. Bauman is concerned that the long-term costs to the city will far exceed any holding costs in terms of police and neighborhood service costs. From time to time, the Dept. of City Development also has lenders who wish to donate their properties to the city. Ald. Bauman's concerns is that bad owners buy a number of properties, which just become more problem properties for the city and the residents. Mr. Dahlberg noted that the city could institute an aggressive inspection/license/registration program for non-owner-occupied units and the city aggressively pursues any building code violations. Ms. Prioletta suggested a code compliance requirement for foreclosed properties with the requirement that proof of financial resources to address the building issues be provided.

Mr. Perez said that perhaps incentives should be provided to encourage people to buy these properties as well as possibly accept sweat equity or labor because of the high unemployment figures. Mr. Perez suggested just starting somewhere, perhaps with a pilot program, to just begin the project and see how it goes as the properties continue to deteriorate. Ald. Hines supported cherry picking different properties in an attempt to stabilize neighborhoods that are fairly stable, but have specific problem properties. Ms. Prioletta is also concerned about buyers that are getting in over their heads as prices are so low now. Mr. Dahlberg noted that the city needs to move quickly as scavengers move into a vacant house within days and remove anything of value, turning a \$70,000 house into a \$20,000 house.

Ms. Prioletta also provided members with information on the Milwaukee Foreclosure Partnership Initiative and implementation of its recommendations. (Exhibit 2)

3. Set next meeting date and agenda

August 3 at 10 a.m.

*Meeting adjourned: 11:03 A.M.
Linda M. Elmer
Staff Assistant*