



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
Fax: (414) 286-3456, E-mail: lelmer@milwaukee.gov

Thursday, December 17, 2009

9:00 AM

Room 303, City Hall

Meeting convened: 9:13 A.M.

Present 4 - Prioletta, Bauman, Chernof and Perez

Excused 2 - Hines Jr. and Davis

1. Review and approval of the minutes of the October 27, 2009 meeting.

Mr. Chernoff moved, seconded by Mr. Perez for approval. There were no objections.

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

Ms. Prioletta said that foreclosures are still increasing, due to the poor economy; however, bank loan foreclosures are decreasing, with a number of home sales going to investors, rather than owner occupants. After January 1, the city will begin working on selling in-rem properties in batches. The city also monitors homes that are in foreclosure, but have not yet entered sheriff's sales - these are up about 20% since from last year. The city has seen a lot of property sales in the \$5,000-\$10,000, which hasn't been seen in a number of years and is a concern to the city as lenders are just dumping property. The city's land bank is up and running and the city is acquiring properties and they do see that some lenders are holding on to some properties in hopes that the prices will rise.

Steve Mahan, Community Block Grants Administration, said that in the next quarter the land bank will become very active as there will be a number of in-rem properties coming through in the next few months. The city's land bank is more active than that of other cities even though it has acquired only two properties. Ald. Bauman noted that in August 2008 the federal funds were created to assist cities, but Mr. Mahan noted that the funds weren't released until September 2009.

Although there is public interest in buying foreclosed homes, it is still very difficult for individuals to get credit. All the houses in the NSP program involve rental rehab with scopes-of-work for the properties written by the city. U.S. Bank has been very good working with individuals in this program. Mr. Mahan noted that Cook County, IL staff has said that they're anticipating a surge of interested buyers in the second quarter of

2010 because individuals will be getting tax refunds and can use that money for a downpayment.

The foreclosure mediation program is doing very well - it's received over 300 applications and 172 have been mediated. The city has been talking to realtors about some kind of incentive program to sell a property to an owner occupant versus an investor. The amount being considered is \$1,000 and to include properties less than \$60,000 or \$50,000 in value. If the money were offered as a bonus rather than a commission, the realtor could keep the entire amount, rather than share it with the realty agency. Ms. Prioletta will investigate putting together such a bonus program - the funds would come out of the administration costs for the NSP funds.

The city is transferring \$700,000 in community block grant funds for use in rehabbing larger units (7-20 units) to a fund to rehab smaller units (5-7 units) as the larger-unit buildings just aren't being rehabbed using these funds. Mr. Perez is concerned if individual homes are buttressed by the city in areas that are bad, then perhaps the money might be better spent in one area, rather than citywide. Mr. Mahan feels that the land bank is the strategic way to cluster properties and bring value to specific areas. Ms. Prioletta stated that the department is reviewing other investments in the area prior to adding properties to the land bank. Mr. Dahlberg said that he had been touring parts of the city with Ms. Prioletta and that demolition, unfortunately, will play a role in removing problem properties from areas in order to bring up the value of the remaining properties. Ald. Bauman does see a need for demolition, but not of properties that could not be replicated due to their historic architecture. To date, there have been no deconstructions completed.

Mr. Mahan said that as he receives notification from HUD related to the city's receiving NSP 2 funds some time before Christmas - he will then forward the information to Ms. Elmer, who will forward it to members. The city might also get an additional \$1.8 million from the state because the rural areas did not have the administration in place to spend these funds. These funds, however, will need to be spent cooperatively with Cudahy and the county. Mr. Mahan also introduced individuals from his department who were present. There also exists a \$600,000 fund to use as a citywide revolving loan fund for rehabilitation of property and this would be particularly beneficial for historic properties.

Mr. Perez said that the National Housing Trust Fund has \$1 billion as part of the Jobs from Wall Street to Main Street federal package and the city received \$1 million for use on Lapham public housing. Ald. Bauman commended the Housing Authority on obtaining and spending the federal money.

Steve Adams, Regional Planning Commission, questioned if the city is looking at the housing around the Tower Automotive area. That area has been targeted for NSP 2 funds, per Ms. Prioletta. That residential area, has also received NIP funds in the past and is fairly stable.

3. Set next meeting date and agenda.

January 25th at 9 a.m.

Meeting adjourned: 10:30 A.M.
Linda M. Elmer
Staff Assistant