



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Meeting Minutes

JOINT COMMITTEE ON REDEVELOPMENT OF ABANDONED AND FORECLOSED HOMES

ALD. ROBERT BAUMAN, CHAIR

**Spencer Coggs, Preston Cole, Mario Higgins, Ald. Khalif
Rainey, Antonio Perez, Maria Prioletta, and Ald. Russell
Stamper, II.**

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Monday, June 26, 2017

10:00 AM

City Hall, Room 301-B

Meeting convened at 10:11 a.m.

Members excused: Tony Perez and Ald. Rainey.

Individual also present:

Ald. Milele Coggs, 6th Aldermanic District

Mr. Cole joining committee at 10:48 a.m. during item 6.

Mr. Higgins left at 11:36 a.m. during item 9.

Present: 6 - Bauman, Stamper, Prioletta, Higgins, Cole, Coggs

Excused: 2 - Rainey, Perez

1. Review and approval of the May 30th meeting minutes.

Mr. Higgins moved approval of the meeting minutes from May 30, 2017. There were no objections.

2. Communication from the Dept. of City Development on Housing Infrastructure Preservation Fund activities.

Mr. Yves LaPierre, Department of City Development, said there were pictures in the file of the 4 projects that have been chosen for 2017. The 4 projects total \$345,966 and there is currently a balance of \$181,000 which will be held pending future projects. Mr. LaPierre passed out pictures of 2430 N. 2nd Street and once the siding was removed it was found the building was in very bad condition and would cost over \$100,000 to fix, so Joint Committee and Council approval is required. It had 3 layers of siding on it and the underlying structure is in bad shape. The total would be \$117,150 and there is a lot of rehab work being done on that street. The cost would cover replacing the siding, replacing the front porch and fixing the rot. Ald. Coggs does support having the work done on the building.

3. Communication from the Dept. of City Development on the Lease-to-Own Program.

Amy Turim, Department of City Development, said this program has been active since 2014. The maximum amount to spend on each property is \$20,000. The property is sold for \$1 if the applicant meets all the criteria; there are currently 4 applications in process. With this last foreclosure filing, the city only acquired 73 properties and hopes to transition more tenants into the program. If there are current tenants they are allowed to stay as long as the home is habitable. The city's intent is to not disrupt people's lives and tenants are eligible for this program. The acquisition rate is going down, which is positive for the city, said Mr. Higgins.

4. Communication from the Dept. of City Development on the Strong Home Loan Program.

Larry Kilmer, Department of City Development, said the department has closed on 55 loans totaling just over \$885,000 and there are 77 applications pending. The department is still taking applications and there are \$250,000 left with a little carryover from last year. The department averages \$16,000 per approval and is looking to approval an additional 30-40 loans. Ald. Bauman asked to provide information of loans approved broken down by aldermanic district for next time for the entire three years of the program. The department will do this. He questioned as to why there was low public interest on the home buyer assistance program. Mr. Kilmer said that interest is there and 130 people have attended sessions so far this year. For the rental rehab program, people are contacting his office, but there are not many funds in this program. Mr. Kilmer's program is where the city is rehabbing its own property for rental. Ms. Turim said that the \$1 million city home Rehab to Rent loan program will be on the next agenda.

5. Communication from the Mayor's Office, Dept. of City Development and the City Attorney's Office relating activities, revenue and expenditures of the Strong Neighborhoods Plan.

There is a memo in the file, but there was no need for discussion.

6. Communication from the Dept. of Neighborhood Services relating to demolition and deconstruction and discussion of the proposed ordinance.

Jeff Osterman, Legislative Reference Bureau, presented a draft ordinance, file 170188, which can be found in file 161359. Mr. Osterman gave an overview and highlights of ordinance. The ordinance creates deconstruction requirements for the removal of Milwaukee's older and more historic primary dwelling structures and page 5 spells out the requirements. Only 15% of the materials in a building can be thrown out - the other 85% must be re-used in some manner. There might be a higher initial cost, but it would result in lower tipping fees as well as jobs creation. Mr. Ron Roberts, Dept. of Neighborhoods Services, said this is a new citywide program which would result in mandatory deconstruction of all buildings, not optional, except for specified, narrow circumstances. The hope is that a market would be created for deconstructed materials as well as increased jobs. Any contractor may be used for deconstruction, not city contractors. Tom Mishefke, Dept. of Neighborhood Services, said this will reduce the number of demolitions the city is able to do under its budget. Ald. Bauman sees this as an investment in the job-creation process which will hopefully result in hundreds of jobs. "Historic" is currently defined as any building constructed prior to 1920, but that may be changed to 1929 as well as buildings already designated as historic or in historic districts. If someone applies to demolish a building there is and

will continue to be a 16-day hold prior to issuing the permit. Ald. Coggs would like the number of demolitions done by the city and private, if known, of historic buildings as defined by this ordinance. Ald. Bauman and DNS staff said very few have been done. Ald. Coggs wants this information as well as the location of these buildings. Ald. Bauman is supportive of changing the date from 1920 to 1929. The Legislative Reference Bureau memo clearly shows that the city is demolishing the older housing stock, which has the higher quality, old growth wood.

Preston Cole joined the committee at 10:48 a.m.

The deconstruction firm would need to be aware of where to take the materials for re-use and the companies must be certified and as part of that be aware of markets for these materials. There will be RPP requirements for work done on city properties, but currently not private properties. DNS will consult with the City Attorney's Office in regards to certification of contractors. Commissioner Cole will be going to Portland, Oregon to see how they built the back-office relationship with the community and how a market was created for these materials. Mr. Cole said that he needs to analyze the back-end consequences of this ordinance. Ald. Bauman agrees and notes that Portland is different from Milwaukee in that new homes are being torn down to be replaced with newer and bigger houses. Mr. Roberts said that other cities do have deconstruction ordinances - Seattle, Oregon, in California, Indianapolis, have similar ordinances. There are contractors that are capable of doing deconstruction and the city will need to help build a market for these materials. Ald. Bauman thinks a company that normally does demolition would be hiring subcontractors with trained manpower, which might be a nonprofit.

Members gave congratulatory remarks to Mr. Roberts, who is retiring.

7. Communication from the City Attorney's Office and the Treasurer's Office relating to the uniformity clause.

City Treasurer Coggs said that this is the third year that their office has been trying to assist property owners with 1-2 properties versus LLCs. Gregg Hagopian, City Attorney's Office, said that state statutes do permit deferred foreclosures, with specified parameters. The current proposed ordinance would go beyond these parameters, so the proposed ordinance will not be moving forward. Ald. Bauman read the current ordinance, which is very subjective under control of the City Treasurer. James Klajbor said that in 2016, 258 parcels were not foreclosed on based upon four criteria, but none of those were discretionary. Under city ordinances, there were no deferrals in the past 15 years based on interpretation of statute of two years versus department's three year enforcement process from the trigger year.

Mr. Coggs said intent of proposed CCFN 161363 was to include deferral for small owners (non LLCs) while excluding LLCs on deferrals, but that has been found to exceed state statute authority. Atty. Hagopian said that the statutes permit deferral, but there still must be uniformity and only the foreclosure itself is stopped, not the charging of interest and the actual taxes themselves. In order to avoid foreclosure for 2017, the owner must pay the 2014 taxes. Once a property is foreclosed on, all eligible years must be paid in order to redeem the property. Treasurer Coggs said that a way has to be found to help the small homeowners who fall upon hard times, so they'll still be trying to find a way to do that. If the city pursues in personam action, that tends to get a better result in terms of more money obtained by the city. Ald. Bauman suggested just repealing s. 304-39, code of ordinances, since it's never been used and would eliminate confusion.

The city has no discretion in deferring fines for city violations and the current interest rate is 18%, which is also not negotiable. Mr. Cole said that outstanding fines from city orders become tax liens after one year unless contacted to work something out by the owner. Poverty is main reason for not satisfying fines. It would be best to work with owners prior to these charges going on the tax bill, but if owners do not respond or contact the city, then it automatically goes onto the tax bill. Treasurer Coggs said that communication is the key to improve outstanding fines from orders and tax liens and he has been working on this for five years and various changes have been made over the years in an attempt to educate people more on what the process is. Mr. Cole said that physically visiting owners need to be done on delinquent fines and bills to find out what is truly going on. Mr. Higgins said that a large percentage of the overdue charges are due to water bills rather than DNS reinspection fees.

8. [161363](#) A substitute ordinance relating to deferred foreclosure on tax liens.

Sponsors: Ald. Hamilton

This item was taken up along with item 7.

9. **Communication from the Treasurer's Office, Department of Neighborhood Services and the City Attorney's Office relating to efforts to pierce the corporate veil of legal entities such as LLC's that own real property in the City of Milwaukee in order to expedite the collection of funds owed the city and to expedite compliance with DNS orders**

Atty. Kail Decker, City Attorney Office, said new cases will be added on the top of the listing for each meeting. He provided updates on specific requested cases. Atty. Heather Hough also provided some details.

Mr. Higgins left at 11:36 a.m.

10. [161359](#) Communication relating to the 2017 activities of the Joint Committee on the Redevelopment of Abandoned and Foreclosed Homes.

Sponsors: THE CHAIR

No discussion.

11. **Set next meeting date.**

Public comments:

Individuals appearing:

Travis Schneider - Heartland Christian Advisors

Bill Gailbreath - Heartland Christian Advisors

Mr. Schneider spoke on a plan to buy 100 houses and rehab them and they have been working with DCD, Karen Taylor. They have 15 homes right now with the intention of buying 5 at a time. No land contracts or title transfer. Mr. Gailbreath said HCA, the organization in general, is a group of Christian businessmen and businesswomen who have helped 139 churches get financing and refinancing for their

buildings. They sell homes to first time homeowners and have credit restoration and financing programs. They rehab houses and will not rent homes. The churches generate referrals to individuals who can utilize their programs.

Next meeting Monday Sept 11, 2017 at 10 a.m.

Meeting adjourned at 11:52 a.m.

This meeting can be viewed in its entirety through the City's Legislative Research Center at <http://milwaukee.legistar.com/calendar>.