



# 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 Priolella, and Ald. Russell  
Stamper, II.**

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Monday, September 11, 2017

10:00 AM

City Hall, Room 301-B

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**1. Review and approval of the June 26, 2017 minutes.**

*10:15 A.M. began unofficially; official meeting began at 11:11 with the arrival of Tony Perez.*

*Members present: Maria Priolella, Preston Cole, Spencer Coggs and Robert Bauman. Mr. Cole moved, seconded by Mr. Coggs for approval of the minutes. There were no objections.*

**2. Communication from the Department of City Development on Housing  
Infrastructure Preservation Fund Activities.**

*Mr. LaPierre said his document did have a few updates, contained in the file. Work is a little slower as contractors are having a hard time getting workers and there is a lot of turn-over due to the high volume of work. Ramirez is no longer working on projects as he moved to San Diego so the city lost a reliable contractor.*

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

*Ms. Rhonda Szalli said the property began in 2014 and allows the renter to buy the property; 43 properties have been closed and there are 14 active participants.*

**4. Communication from the Department of City Development relating to the  
Rehabilitation to Rent Program.**

*Ms. Amy Turim said the program is to use renovated city-owned properties as rental properties. Work began July 2016 and 4 homes have been completed with 100% of the homes being rented and all are single-family homes. They have collected about \$15,000 net after operating expenses. Friends of Housing does the advertising, tenant screening and is responsible for managing and renovating the properties. There is a carryover, but it is in the system as encumbered and they are working off of 2015 dollars, not any 2016 or 2017 funds.*

**5. Communication from the Department of City Development on the Strong Home Loan Program.**

*Fatima Benhaddou present filling in for Larry Kilmer. Ms. Benhaddou said 74 loans have closed or been approved totaling \$1.8 million. They are still accepting applications. She also provided information at the table and the map shows over the life of the program. That information is contained in file 161359 as Strong Homes Loans Update.*

**6. Communication from the Mayor's Office, Department of City Development, and the City Attorney's Office relating to activities, revenue and expenditures of the Strong Neighborhoods Plan.**

*Ald. Bauman is having a file move through Zoning, Neighborhoods and Development Committee this cycle to create a differential pricing structure of home ownership versus rental property. He would like a capitalized pricing structure based on the expected rent for the property and base the price on that information as well. Ms. Turim would like to see it in writing before commenting.*

**7. Communication from the Department of Neighborhood Services relating to the Compliance Loan Program.**

*Mr. Tom Mishefske and Steph O'Connor, Dept. of Neighborhood Services, present on this item. Ms. O'Connor is the new loan program manager for the compliance loan program. In 2017, 43 projects were approved with an average loan amount of \$12,500 with the average age of 57 of those individuals. The loan requests are triggered by city inspectors for owner occupants who can't pay the total costs of the code-violation orders. This program allows the residents to not be subject to reinspection fees and court costs. Ms. O'Connor does spend time, as did her predecessor, on identifying individuals who are eligible for this program. Commissioner Cole said that the city is also working with neighborhood associations to find out which programs can best address the issue. Ms. O'Connor said the loan is 0% interest for a maximum of \$15,000 and is repaid when the property is sold or transferred and the person must be 50% of median Milwaukee County income. The city is trying to contact those individuals who seem as if they might meet the criteria for this program or any other city program.*

**8. Communication from the Department of Neighborhood Services relating to demolition and deconstruction, including, but not limited to the proposed deconstruction ordinance, file 170188.**

*Mr. Jeff Osterman, Legislative Reference Bureau, outlined the purposes of the deconstruction ordinance which only applies to 1-4-family units. There would be 61,000 dwelling units which would meet the criteria for this ordinance, about 43% of the existing 1-4-family structures. Comm. Cole noted that mechanical demolitions creates hazardous dust and Portland, Oregon is moving forward with pursuing deconstruction even more. For Milwaukee, it's a challenge finding companies to do deconstruction, but Portland was able to grow their deconstruction contractor numbers. He also noted that some agreements will need to be amended as a result of this. There will be a fiscal note for this file and it becomes effective January 1, 2018. Chris Kraco from DNS provided current demolition and deconstruction numbers. For 2018, there will be*

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*about 300 buildings scheduled for demolition (including commercial buildings). The department will parse these numbers out to draw out solely the 1-4 family buildings. The department also needs to determine what is "valuable" and can be salvaged. Over time, the department hopes to be able to determine this.*

**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.**

*Adam Stephens, City Attorney's Office, said there are several new cases in bankruptcy court and are hoping the submitted bankruptcy plans will either be amended or thrown out so the city can get its money. The city is essentially seeking to have a receiver appointed for the properties owned by Mr. Rasheed and have a property manager appointed as there are over 100 buildings involved with a total of about 300 units owned by Mr. Rasheed. He apparently also created LLCs without the permission of some individuals listed as members of the LLC. The rental money received from the receivership of Mr. Choudry is being used to bring the properties up to code, although some may need to be sold to pay for these costs. A private attorney is the receiver of Mr. Choudry's properties with Ogden contracted to manage the properties. Atty. Adams said that the tenants often are not the problem, it's the ownership that is. Kohn Law Firm is still litigating and meets with the city monthly about chronic offenders and other issues. The City Attorney's Office also work with MPD and hopes to get more support from the Milwaukee County Sheriff's office in the future.*

*Each year the Treasurer's Office will do a report of delinquent properties owned by LLCs and corporations in which the only asset is the building. The Wisconsin Dept. of Financial Institutions (DFI) has been very helpful in piercing the corporate veil of LLCs. Circuit Court is also being used to try to get assets beyond the LLCs.*

*Tony Perez arrived at 11:11 A.M. so the official meeting begins.*

*Ald. Terry Witkowski said a formal written procedure will be created to monitor the LLCs and he asked that this plan be received prior to the next Council meeting. He appreciates the efforts of all of the departments involved.*

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

**Sponsors:** THE CHAIR

**11. Public Comment**

*No public comment.*

**12. Set next meeting date.**

*Oct. 16th at 10 a.m.*

*Meeting adjourned: 11:14 A.M.*

*Linda M. Elmer*

*Staff Assistant*

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