



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, October 16, 2017

10:00 AM

City Hall, Room 301-A

Meeting convened: 10:04 A.M.

*Members present: Preston Cole, Mario Higgins, Maria Prioletta, Ald. Robert Bauman
and Jim Klajbor for Spencer Coggs (who arrived at 11:08 A.M.), Antonio Perez (10:15
A.M.)*

Members excused: Ald. Rainey and Ald. Stamper

1. Review and approval of minutes from the September 11th meeting.

*Mr. Cole moved, seconded by Mr. Klajbor, for approval of the minutes. There were no
objections.*

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

*Ald. Bauman said there is a proposed budget of \$100,000, which is basically one
house. Ms. Martha Brown, Dept. of City Development, said the anticipated carryover is
\$151,000. There are four projects under construction with a total cost of \$370,000.
There may be three projects done next year as opposed to four this year. There are
fewer foreclosures this year than in past years. The dept. has 20 properties that are
completed but not sold and the dept. wants to concentrate on those projects.*

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

This item was included in the discussion under item #6.

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

This item was included in the discussion under item #6.

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

This item was included in the discussion under item #6.

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 and the 2018 proposed budget for the program.

As part of this discussion, the Legislative Reference Bureau report on Strong Neighborhoods was used, which is attached to file 161359. Ald. Bauman sees that there is a 38% reduction in Strong Neighborhoods funding as part of the 2018 budget. Tom Mishefske, Dept. of Neighborhood Services, said the total appropriation is \$800,000 for the code compliance program with no significant carryover and they have approximately 54 loans. It is anticipated they will have the same number of loans next year as long as the program is still meeting the same goals that were originally set. The DNS budget does reduce positions and will only monitor vacant buildings on a quarterly, rather than a monthly, basis. Mr. Klajbor said the city is continuing to do the accelerated foreclosures. Ms. Irma Yopez-Klassen said that overall delinquencies are down to about 250-300 per year. Additional funding was needed to do the catchup, but now it is coming out of the annual budget.

Ms. Martha Brown, Dept. of City Development, addressed Ald. Bauman's specific questions relating to special purpose accounts and rent collection. Mr. David Schroeder, said the rent collection money goes to RACM because back in 2007 the Comptroller's Office felt that this was best due to the difficulty of working with FMIS, the large number of invoices, the need to estimate revenue and increased flexibility to immediately spend these accounts.

Dave Sivyler, Forestry Manager, said the in rem vacant lot management program manages the properties' physical, ongoing needs related to the land and the land property management fund pays for board-up, locks, and other structural costs. If the deconstruction ordinance advances, there will be no DPW demolitions; for DNS the demolition numbers would reduce by around 62% for a total of 52 projects in 2018. There are currently 360 demolition orders pending. At this point, there are no other sources being directed to demolition or deconstruction.

Ms. Brown said that neither the challenge fund nor the rental rehabilitation loan program will be funded in 2018. The remaining programs are Lease to Own and Homebuyer Assistance Programs. Mr. Larry Kilmer, Dept. of City Development, said 88 loans were approved this year and there are some pending. There is approximately \$200,000-\$300,000 in the strong loans program. Loan repayments are included as part of this budget. Ms. Priolella is predicting \$700,000 from loan repayments and 1/3 of in-rem sales are still being sent to RACM. Ms. Brown noted that employees are no longer working for RACM, but they do still have out-of-pocket expenses related to real-estate management. Ald. Bauman questioned if this will be a profit-maker in the future, why not add more money? Mr. Higgins noted that 25% of the loan is forgiven and city staff time is not included in the cost-calculation. Mr. Higgins asked if this program could be changed to operate differently as it continues to evolve. Ald. Bauman noted that assessments are not increasing in the neighborhoods and they are severely challenged. Sixty four properties have been sold in the greater Sherman Park neighborhood that will be eligible for state funds.

The Commercial Investment Program, which has been part of Strong Neighborhoods since last year, is the facade loan program. Ald. Bauman asked if there would be a reduction in staff; Mr. Mishefske said that there will be cuts in that department. Ms. Brown noted there is no staff reduction in DCD as staff works across multiple programs and the programs being eliminated weren't staff-intensive.

Ms. Karen Taylor, Dept. of City Development, said that RACM gets 30% of the in-rem property sales for its costs. Ald. Bauman questioned if the \$325,000 paid to the City Attorney's Office could be bid out to a private firm cheaper but that amount is not solely spent on in-rem properties. This reduces the tax levy by \$325,000. Mr. Perez noted that the City Attorney's Office can track how much time it spends on doing this work, which it does and bills the city quarterly for all legal work done for DCD and RACM.

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

This item was included in the discussion under item #6.

8. Communication from the Department of Neighborhood Services relating to demolition and deconstruction.

This item was included in the discussion under item #6.

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.

Kail Decker, Asst. City Attorney, referred to the October 16th update which his office provided.

RECESS: 10:54 A.M.

RECONVENE: 10:55 A.M

The City Attorney's Office met with the Treasurer's Office, which will annually submit a list of tax-delinquent LLCs, and the City Attorney's Office will go through the list and figure out who actually owns the LLCs and prioritize those who are not paying and will go after the top offenders.

Ald. Witkowski asked that the correspondence be submitted to the appropriate committee so the proposed plan can be institutionalized.

Ald. Bauman asked about the status of 2408 W. Kilbourn for which the owner has been judged to be in contempt of court and accruing daily forfeitures. A property at 27th and Juneau was demolished, which had been a problem property for 30 years.

Mr. Cole noted that revenues don't return to the program. Ald. Bauman feels that the demolition funds aren't as limited as they appear as the money is reimbursed (hopefully).

RACM typically works with DNS for demolitions. Ald. Bauman suggested selling all in-rem properties to RACM. Atty. Decker noted that a precedent of this would be a land bank, but Ms. Brown noted those cities don't take properties and Milwaukee is already operating a de facto land bank.

10. Public Comment

There were no members of the public present.

11. Set next meeting date.

Nov. 27th at 10 a.m.

Meeting adjourned: 11:17 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>.

Matters to be considered for this meeting and materials related to activities of the task force can be found within the file:

[161359](#)

Communication relating to the 2017 activities of the Joint Committee on the Redevelopment of Abandoned and Foreclosed Homes.

Sponsors: THE CHAIR