



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, November 27, 2017

10:00 AM

City Hall, Room 301-B

1. Review and approval of minutes from the October 16th meeting.

Began informally at 10:09 A.M.

Members present: Ald. Robert Bauman, Mario Higgins, Antonio Perez and Ald. Russell Stamper

Meeting officially began at 11:14 A.M. with the arrival of Spencer Coggs

Members excused: Maria Prioletta, Preston Cole and Ald. Khalif Rainey

Mr. Higgins moved, seconded by Ald. Stamper, for approval of the minutes. There were no objections.

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

Mr. Yves LaPierre said there is about about \$150,000 next year with no candidates yet in mind for 2018. Ald. Stamper asked about what properties qualify for this money.

Ald. Bauman said this funding was created to preserve larger historic buildings until the time when a buyer could be found.

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

Ms. Rhonda Szallai said that 45 homes have been closed year to date, with one more pending for this year. There were three that needed follow-up work as they haven't been paying their bills timely, two due to medical issues. Ald. Stamper asked if the department had considered including the water bills and tax payments included as part of their payments. The department has been encouraging buyers to set aside money for bills they know will be coming in the future.

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

Amy Turim, Dept. of City Development, said there has been no substantial change from the September report. They are above their goals for SBE and RPP participation. There are currently four properties in this program.

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

Ms. Fatima Benhaddou said year to date the department has approved/closed 97 loans and have 66 applications in pre-approval. The 2017 budget has been depleted, but they have some carryover from 2016 and will be getting 2018 funds. Ms. Irma Yepez-Klassen, Mayor's Office, said a total of \$1.2 million is expected for the program in 2018, but additional funding will be discussed at tomorrow's Council meeting due to the mayor's veto. Ms. Martha Brown, Dept. of City Development, said at the end of the year the department will be looking at all the Strong Neighborhoods programs and will be moving funds around as this loan program is the most popular program.

6. Communication from the Department of City Development relating to house sales to self-proclaimed non-profits and homeowners.

Ms. Amy Turim, Dept. of City Development, said 2,653 properties have been sold by the city since 2007 through the end of September 2017. The city has modified its procedures and practices over time as individuals have tried to lie to the city relating to a variety of issues and throughout the process. Ald. Bauman thinks the department is understaffed in regards to real estate sales and that the administration is more concerned with getting properties back onto the tax roll. There are 12 employees in the section. Ms. Taylor thought more training was needed based upon how people are trying to game the system, as it changes over time. Ms. Turim thinks the system does work pretty well. The department has also hired two part-time graduate fellows who are less costly than full-time employees. The city also works with nine real estate brokers who get an additional \$500 commission (a minimum commission of \$1,500) above the percentage of sales.

7. [170641](#) A substitute ordinance relating to the disposition of city property.

Sponsors: Ald. Bauman

Atty. Kail Decker said there are approximately six attorneys working on real estate issues. This ordinance is an attempt to base sales upon income and any additional costs, if owner-occupants, would be refunded to the buyer over time. Ald. Bauman pointed out that we are basically selling primarily to investors rather than owner occupants. Owner occupants would have to prove occupancy in order to get their money refunded each year. Ms. Martha Brown, Deputy Commissioner of the Dept. of City Development, said it would be very hard to calculate how much income each property would generate. Ald. Bauman will change the definition to have a rough estimate of what income the property will generate.

Atty. Gregg Hagopian, City Attorney's Office, said the city does pursue individuals who buy property and then do not live there through a \$5,000 liquidated damage provision. Ald. Bauman feels the original \$25,000 damages was much better rather than the city watering down the amount. He feels we are underselling our properties to investors who see \$5,000 as just the cost of doing business. A higher purchase price for investors would have legal issues in the enforcement aspect as that is too vague. Aaron Cadle, Legislative Reference Bureau, said the second mortgage is calculated as the difference between the investor price and the owner-occupant price. The ordinance will be amended to not include bulk sales. Ms. Turim said people find out about city properties through the MLS system, which lists only one price, which might limit

exposure.

Mr. Spencer Coggs arrived at 11:14 A.M.

Mr. Tom Mishefske, Dept. of Neighborhood Services, said that building codes must be applied equally to owner and investors. The ordinance is to incentivize owner occupancy rather than penalize investors. The city can then foreclose through the second mortgage rather than having to go through the court system. The price would be set on highest use rather than the lowest use of owner occupancy.

Marne Stuck, Greater Milwaukee Association of Realtors, said she and some of her members would like to meet with Ald. Bauman and he is more than willing to meet. In the past three years, 55%-65% of sales have been to owner occupants. Ald. Bauman asked if Ms. Turim could break the data down more excluding bulk sales. Ms. Brown said that most sales are cash sales.

8. 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.

This item was discussed as part of the previous items on the agenda.

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

Mr. Tom Mishefske, Dept. of Neighborhood Services and Steph O'Connor, compliance loan program, said 49 loans have been approved for this year and they have plenty of people in the queue to fund. The average loan size is \$12,000-\$15,000. The work is primarily done by 4 local contractors.

10. Public Comment

No members of the public present

11. Set next meeting date.

Tuesday, January 16th at 10 a.m.

Meeting adjourned: 11:40 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>.