



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, Mario Higgins, Ald. Khalif Rainey, Antonio Perez, Maria Prioletta, and Ald. Russell Stamper, II.

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Monday, October 21, 2019

10:00 AM

City Hall, Room 301-B

1. Review and approval of the September 23rd meeting minutes.

Meeting unofficially convened: 10:07 A.M.

Members present: Mario Higgins, Maria Prioletta, Antonio Perez (10:15) , Jim Klajbor, Ald. Robert Bauman, Ald. Khalif Rainey (10:20)

Member excused: Ald. Russell Stamper

Meeting officially convened: 10:15 A.M.

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

2. Communication from the Department of City Development regarding proposals to acquire quantities of city-owned, 1-4 family houses for redevelopment.

Ald. Jose Perez said that he is looking at how to deal with tax-foreclosed properties in bulk. Ms. Syliva Rathell, from Home Preservation Exchange (HPE), works primarily in communities of color in collaboration with socially responsible private investors and then as a nonprofit to help mitigate the effects of the housing crisis. They have been in operation for 12 years and she has been trying to work with the city for two years. She has found a horrendous lack of response and two investors have walked away - one investor had \$30 million and one had \$20 million. The current investor, who has \$5 million, only wants to start a pilot project. The investors are looking for a return on their investment while the nonprofit staff works with the homeowners as they are the lender and also works with them on maintenance skills. HPE buys the property and fixes it up, then does either rent-to-own or sells the property. The property is sold at cost plus return and the return is based upon the investor, be it 8% or 12% return. They also work with HUD to get some of their incentives to help the homeowners. They use HUD funds to train people on home rehab that want to occupy those homes. They have done work in St. Louis, Houston (post-hurricane), and Detroit. The current investor has Fay Construction, based on Chicago, to do the rehab work. They usually find local partners to do the rehab work.

Tammy Rivera, Southside Organizing Committee, said that as an organizer she was looking for an innovative pilot project to take advantage of resources outside of Milwaukee. Her role is to bring together stakeholders to address dilapidated houses. Her goal is to help residents in a holistic manner to get people into homes and permit them to stay there long-term in terms of support and training. Ald. Bauman was sceptical of the St. Louis data, of rehabbing 4,000 to 5,000 houses, that was

presented during the committee meeting. HPE is HUD-certified. HPE really wants to work with the city as she is a former resident for 16 years and the current investor wants to do 1-2 homes as a pilot project. Ald. Perez would like a list of the bulk purchases over the past 10 years.

3. Communication from the Department of City Development and the City Attorney's Office relating to creating contractual deadlines for obtaining owner occupancy.

Assistant City Attorney (ACA) Adam Stephens, ACA Jeremy McKenzie, Mr. Yves LaPierre, ACA Gregg Hagopian and Ms. Amy Turim present. ACA Stephens said that they are amending the contracts to ensure owner occupancy based upon suggestions from ACA Gregg Hagopian. ACA Hagopian said that a special concern was the Housing Infrastructure Preservation funds due to the large amount of city funds expended, so a new Special Conditions addendum was created. The seller has to allow interior inspection rights to the city and will accompany DCD staff on these inspections and will also require documented proof of owner occupancy, such as driver's licenses, voter registration, homeowner registration policies, utility bills and a signed affidavit that they still occupy the property. Ald. Bauman asked if the city required a penalty payment in excess of \$25,000, such as the city investment total or the total minus the purchase price. That way the penalty will vary by property, which isn't necessarily a bad thing.

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

Mr. Yves LaPierre said that the 2019 projects are being wrapped and they recently closed on the property at 35th and State. There is money to do 2-4 properties in 2020. They are currently concentrating on doing basic roof repairs and he is comfortable with the 2020 amount.

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

Ms. Rhonda Szalli said there are no changes since last month - one closing is scheduled. Ms. Szalli said 100% of the population is challenged and the tenants need to be ready for purchase within 12 months and then it takes about a year to rehab the property. Mr. Perez said that he would like to connect with the department as he might be able to connect them to private money that could be used to financially assist tenants to leverage them into being a position to purchase. The tenants need both a minimum of debt and a basic level of income so they can pay taxes. There are approximately 150-175 tenants. They are trying to make the program more inclusionary for current occupants rather than have them be displaced by other owner occupants. The department does have to safeguard the finances of the city.

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

Ald. Bauman said this is the program that could lead to more homeowners. Ms. Amy Turim said that the city spent \$75,000 to \$100,000 per property and they lost their contractor who won the contract. They have some ideas of how they can impact more houses and they have \$488,000 left in this account and they are trying to connect with the program's Council creators to see what they want to do with this program.

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

Mr. Larry Kilmer said they have closed 61 loans for approximately \$1 million. He did submit a report to the file. The costs-per-unit, rehabbed by Habitat for Humanity, was about \$130,000 to \$140,000 and selling for \$80,000.

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.

The report is in the file.

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

Ms. Steph O'Connor reported there are no major updates - they have a wait list for next year. If they get more money, they would need more staffing. Commissioner Tom Mishefske said the program only has one staff person so if more funds are provided, they would need additional staff.

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

Mr. Chris Kraco said the contractor is starting his prep work and will be starting on his first project - 3041 N. 6th St. - this week. There are 13 projects that will be done this year.

11. Communication from the City Attorney's Office regarding updates on neighborhood revitalization litigation.

ACA Adam Stephens said that the report from the last meeting is still accurate.

12. Public Comment

There were no members of the public present who wished to speak.

13. Set next meeting date.

December 2nd at 10 a.m.

14. [181452](#) Communication relating to the 2019 activities of the Joint Committee on the Redevelopment of Abandoned and Foreclosed Homes.

Sponsors: THE CHAIR

Meeting adjourned: 11:29 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>.