

**Grantee: Milwaukee, WI**

**Grant: B-09-LN-WI-0036**

**April 1, 2010 thru June 30, 2010 Performance Report**

**Grant Number:**

B-09-LN-WI-0036

**Obligation Date:****Grantee Name:**

Milwaukee, WI

**Award Date:**

02/11/2010

**Grant Amount:**

\$25,000,000.00

**Contract End Date:**

02/11/2013

**Grant Status:**

Active

**Review by HUD:**

Submitted - Await for Review

**QPR Contact:**

Steven Mahan

**Disasters:****Declaration Number**

NSP

**Plan Description:****Recovery Needs:**

<b>Overall</b>	<b>This Report Period</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	N/A	\$25,000,000.00
<b>Total CDBG Program Funds Budgeted</b>	N/A	\$25,000,000.00
<b>Program Funds Drawdown</b>	\$0.00	\$0.00
<b>Obligated CDBG DR Funds</b>	\$11,707.10	\$11,707.10
<b>Expended CDBG DR Funds</b>	\$0.00	\$0.00
<b>Match Contributed</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Program Income Drawdown</b>	\$0.00	\$0.00

## Progress Toward Required Numeric Targets

Requirement	Required	To Date
Minimum Overall Benefit Percentage	99.00%	0.00%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$0.00	\$0.00
Limit on Admin/Planning	\$2,500,000.00	\$0.00
Limit on State Admin	\$0.00	\$0.00

## Progress Toward Activity Type Targets

Activity Type	Target	Actual
Administration	\$2,500,000.00	\$2,500,000.00

## Progress Toward National Objective Targets

National Objective	Target	Actual
NSP Only - LH - 25% Set-Aside	\$6,250,000.00	\$6,250,000.00

## Overall Progress Narrative:

### Acquisition/Rehab (Acq/Rehab)

Homes for this program are carefully selected. 70% of the foreclosures in Milwaukee have been filed against homeowners. An important goal of the Acq/Rehab program is to promote homeownership in neighborhoods hard-hit by foreclosures. Staff seeks out properties on blocks or areas that had relatively high rates of homeownership before the foreclosure crisis hit Milwaukee, as well as those neighborhoods where the City and its partners have been engaged in other neighborhood redevelopment activities. Suitable homes are those in fair to poor condition, but located on otherwise well-maintained blocks. Typically the homes are single family, although some duplexes are considered if they meet a housing need for the neighborhood.

The strategy is to rehab the buildings to a high standard and then offer them to income eligible buyers. Exteriors get new roofs, gutters, siding, windows, doors, porches, sidewalks and landscaping. These improvements strengthen the neighborhood, and insure long-term affordability for the new homeowners. On the interior, bathrooms and kitchens are upgraded, floors replaced or refinished, and other finishes repaired and upgraded. Energy efficiency is also stressed, with new insulation and high efficiency mechanicals. When completed, all homes have modern amenities and are in move-in condition.

Although most staff activity is geared toward obligating dollars for NSP-1 activity, the systems for ramping up for NSP-2 are in place. For example, a request for proposal for real estate services was issued in March, 2010 with proposals due in late April. As of June 30, the brokers are under contract and will begin marketing the properties as they are completed. Outreach to contractors continues and capacity in that sector appears adequate, as measured by the number of bids received on each project, and the progress with existing NSP-1 contracts. In July-August 2010, the City of Milwaukee will be foreclosing on approximately 500 residences due to non-payment of real estate taxes. NSP-2 will focus on evaluating those properties for the Acq/Rehab program, along with bank-owned REO's.

### Acq/Rehab Homebuyer Counseling

All purchasers of acq/rehab properties will be required to get a minimum of 8 hours of face-to-face homebuyer counseling. Milwaukee currently has 8 HUD-certified counseling agencies that are actively working with the NSP-1 Home Buyer Assistance program. These same agencies will provide the counseling services for NSP-2 acq/rehab clients. A list of available properties will also be forwarded to the agencies as part of marketing efforts for the

program.

#### Vacant Land Re-Use: New Construction

The Wisconsin Housing and Economic Development Authority (WHEDA) administers Wisconsin's Federal Low Income Housing Tax Credits (LIHTC.) Several Milwaukee projects were allocated credits in June, when WHEDA announced awards about the latest round of funding. Discussions with developers has shown that some of the LIHTC projects will be requesting NSP-2 because the land was foreclosed on. For example, the United Townhomes project, which will be built through the United Methodist Church, is currently being evaluated for NSP-2 funding.

Also notable is that during the second quarter of 2010, the Department implemented a streamlined process to pre-qualify developers. That updated process is available at [www.milwaukeehousinghelp.org](http://www.milwaukeehousinghelp.org).

#### Vacant Land Re-Use: New Construction 25% Set Aside

As indicated above, some of the LIHTC projects will be using NSP-2 because the land was foreclosed on. A portion of LIHTC-assisted units will utilize 25% Set Aside funds.

#### Vacant Land Re-Use: Reprogramming

Bank and tax-foreclosed vacant lots will be landscaped according to the commitment in the NSP-2 application submitted to HUD. Landscaped lots will be 1) sold to adjoining homeowners for use as green space, 2) used by neighborhood associations as urban gardens or 3) landscaped and either held for future development or placed in the City's storm water land bank. In regard to the latter, the storm water land bank permits offsetting new hardscape (such as buildings or parking lots) with permanent green space. This designation helps improve water quality in area streams and rivers and lowers construction costs elsewhere in the same watershed.

Although most staff activity is geared toward obligating dollars for NSP-1 activity, the systems for ramping up for NSP-2 are in place. For example, the City's Planning Department created a "pattern book" of suggestion for landscaping approaches for vacant lots. Several reprogramming projects are planned.

#### Rental Development-Large Projects

NSP 2 large project activity will be focused on properties acquired through the land bank, which will be marketed them to responsible investors for rehab. Similar to the Rental Rehab Program, NSP funds for Rental-Large will take the form of forgivable loans. This revised strategy for Rental-Large is already in place for NSP-1, and is poised to get implemented for NSP-2.

Also notable is that during the second quarter of 2010, the Department implemented a streamlined process to pre-qualify developers. That updated process is available at [www.milwaukeehousinghelp.org](http://www.milwaukeehousinghelp.org).

#### Home Buyer Assistance (HBA) Program

During the second quarter of 2010, through the Milwaukee Homeownership Consortium, staff did outreach and organized informational meetings with local lenders, realtors and home buying counseling agencies. Staff held weekly meetings with real estate agents working in the NSP Program area and attends once- or twice- weekly neighborhood partner meetings.

Another exciting opportunity is a significant grant (\$100,000) the Department received and an additional \$75,000 the newly formed Milwaukee Homeownership Consortium received from Freddie Mac to launch the "Take Root Milwaukee" campaign to promote homeownership education as well as the resources available to purchase foreclosed homes. The grants will help pay for marketing and outreach such as through the new website, [www.takerootmilwaukee.org](http://www.takerootmilwaukee.org), billboard, TV, and radio public service announcements.

#### Home Buyer Assistance Counseling including HBA 25% Set Aside

During the second quarter of 2010, through the Milwaukee Homeownership Consortium, staff did outreach and organized informational meetings with local lenders, realtors and home buying counseling agencies. Staff held weekly meetings with real estate agents working in the NSP Program area and attends once- or twice- weekly neighborhood partner meetings.

#### Rental Rehabilitation (RR) and 25% Set Aside Program

NSP-1 RR demand met expectations for utilization of funds. Changes to Program design that incent 50% AMI rent levels were very successful, with nearly all loan clients committing to serving low income renters. All processes are in place, and no changes to Program design for NSP-2 are expected.

However, investors continue to have difficulty getting private financing. Feedback from clients indicates that most banks are unwilling to make loans to smaller investors. Consequently, investors are purchasing foreclosed properties with cash. The Rental Rehab Program requires that investors pay for at least half of the rehab costs before any Rental Rehab dollars are made available. As with purchases, most investors are using cash. The relative lack of financing options for investors is troubling, because it limits the pool of potential clients. Also, a large number of foreclosed properties are being bought by investors who do not use the RR program, and either leave them vacant and boarded, or do only limited rehab. There is concern with the low participation of lenders. During the second quarter, staff reached out to the lending industry in hopes banks will participate in the Program. Fortunately, one bank, Pyramax, has shown interest in the RR program, and financed a small number of NSP-1 projects.

#### Buy In Your Neighborhood (BIYN) Program

BIYN is a specialized program. Due to the financial crisis, the Department had difficulty identifying lenders for NSP-1 BIYN. Staff remains confident that there will be NSP-2 BIYN activity. Conversations with lenders indicate potential willingness to participate in NSP-2 BIYN.

#### Land Bank

The Milwaukee Neighborhood Reclamation Company LLC. (MNRC) was set up to carry out the City of Milwaukee's NSP land bank activity and began operation during the fourth quarter of 2009. As it has for the NSP1 program, the MNRC will acquire targeted foreclosed properties using NSP2 funds. Properties acquired by the MNRC will be conveyed to developers for rehabilitation and resale to owner occupants or for management as affordable rental housing. In other cases, properties may be conveyed directly to end users who will utilize the City's NSP Homebuyer Assistance Program. The MNRC may also acquire blighted properties for demolition and future redevelopment.

During the holding period, the MNRC utilizes contracted service providers to maintain properties. Vendor service contracts are in place for property management services such as snow shoveling, grass cutting, board-up, etc. Staff also met regularly with community based organizations and developers working on neighborhood revitalization to coordinate land bank acquisitions with ongoing efforts. Additionally, the MNRC has worked extensively to establish relationships with a number of lenders and servicers to facilitate the transfer of REO properties, including participating in the National Community Stabilization Trust's "First Look" Program.

At the close of the second quarter of 2010, the MNRC was nearing completion of its NSP1 funded acquisition activity, which involves the acquisition of over 60 units of foreclosed housing. During the third quarter of 2010, the MNRC will begin using NSP2 funds for the acquisition of foreclosed properties.

#### Loan Leveraged Fund

The City is currently considering alternatives for the leveraged loan fund which could include financing from local lenders or the National Community Stabilization Trust. A decision on the fund will be made in the third quarter, and it is hoped that the fund will be operational in the third quarter as well.

#### Demolition

The City of Milwaukee's Department of Neighborhood Services (DNS) has completed a budget forecast to account for the \$2,020,000 expenditures ending in the year 2013. DNS has approximately 15 properties awaiting NSP-2 funding as of the beginning of the 3rd quarter 2010. DNS will submit set-up referrals starting the week of July 19, 2010. DNS will also have 3 additional parcels for deconstruction. DNS will prepare grant request to the grants administration department for these parcels as soon as possible to continue the deconstruction plan.

DNS anticipates to expend funds, starting in August 2010, with close-outs on projects beginning as early as November 2010. The department is also preparing to hire 1 full-time additional administrative staff person and will plan on devoting 50% of 1 construction inspector position at DNS to the NSP2 program. These positions will start in the final quarter of 2010.

## Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
9999, Restricted Balance	\$0.00	\$0.00	\$0.00
NS2100000000, ADMINISTRATION	\$0.00	\$2,500,000.00	\$0.00
NS2200000000, HOMEBUYER ASSISTANCE - ELIGIBLE USE A	\$0.00	\$4,000,000.00	\$0.00
NS2300000000, VACANT LAND INITIATIVE - ELIGIBLE USE E	\$0.00	\$3,400,000.00	\$0.00
NS2400000000, ACQUISTION/REHAB/RESALE PROGRAM -	\$0.00	\$3,450,000.00	\$0.00
NS2500000000, RENTAL REHABILITATION - ELIGIBLE USE A	\$0.00	\$2,250,000.00	\$0.00
NS2510000000, RENTAL REHABILITATION (MULTI-FAMILY	\$0.00	\$0.00	\$0.00
NS2600000000, RENTAL DEVELOPMENT LARGE PROJECTS -	\$0.00	\$2,400,000.00	\$0.00
NS2610000000, RENTAL DEVELOPMENT LARGE PROJECTS	\$0.00	\$0.00	\$0.00
NS2700000000, BUY IN YOUR NEIGHBORHOOD - ELIGIBLE USE	\$0.00	\$480,000.00	\$0.00
NS2800000000, DEMOLITION - ELIGIBLE USE D	\$0.00	\$2,020,000.00	\$0.00
NS2900000000, LAND BANK - ELIGIBLE USE C	\$0.00	\$3,000,000.00	\$0.00
NS2910000000, LAND BANK - LEVERAGED LOAN FUND -	\$0.00	\$1,500,000.00	\$0.00

## Activities

**Grantee Activity Number: NS2100100211**

**Activity Title: Administration**

**Activity Category:**

Administration

**Activity Status:**

Under Way

**Project Number:**

NS2100000000

**Project Title:**

ADMINISTRATION

**Projected Start Date:**

02/11/2010

**Projected End Date:**

02/11/2013

**National Objective:**

N/A

**Responsible Organization:**

Comptroller's Office

Overall	Apr 1 thru Jun 30, 2010	To Date
<b>Total Projected Budget from All Sources</b>	N/A	\$170,000.00
<b>Total CDBG Program Funds Budgeted</b>	N/A	\$170,000.00
<b>Program Funds Drawdown</b>	\$0.00	\$0.00
<b>Obligated CDBG DR Funds</b>	\$320.18	\$320.18
<b>Expended CDBG DR Funds</b>	\$0.00	\$0.00
Comptroller's Office	\$0.00	\$0.00
<b>Match Contributed</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Program Income Drawdown</b>	\$0.00	\$0.00

**Activity Description:**

Program Administration will be used for the reasonable costs of overall program management, coordination, monitoring, and evaluation. Such costs include (but not limited to) salaries, wages and related costs of staff engaged in program administration, which includes (but is not limited to) providing information about the program, preparing program budget and schedules, preparing reports, and other costs for goods or services needed for administration of the program.

**Location Description:**

N/A

**Activity Progress Narrative:**

The following quarterly activities were accomplished by the Comptroller's Office in the quarter ending 06/30/10:

- 1) Reviewed and Approved Project Budget and Amendments
- 2) Establish/Amend Budget Lines
- 3) Reviewed contracts/agreements and Common Council Resolutions
- 4) Obligated Administration in DRGR

**Performance Measures**

**No Performance Measures found.**

**Activity Locations**

**No Activity Locations found.**

**Other Funding Sources Budgeted - Detail**

**No Other Match Funding Sources Found**

Other Funding Sources  
 No Other Funding Sources Found  
 Total Other Funding Sources

Amount

**Grantee Activity Number:** NS2100300191  
**Activity Title:** Administration

**Activity Category:**

Administration

**Activity Status:**

Under Way

**Project Number:**

NS2100000000

**Project Title:**

ADMINISTRATION

**Projected Start Date:**

02/11/2010

**Projected End Date:**

02/11/2013

**National Objective:**

N/A

**Responsible Organization:**

Department of City Development

Overall	Apr 1 thru Jun 30, 2010	To Date
<b>Total Projected Budget from All Sources</b>	N/A	\$1,980,000.00
<b>Total CDBG Program Funds Budgeted</b>	N/A	\$1,980,000.00
<b>Program Funds Drawdown</b>	\$0.00	\$0.00
<b>Obligated CDBG DR Funds</b>	\$11,386.92	\$11,386.92
<b>Expended CDBG DR Funds</b>	\$0.00	\$0.00
Department of City Development	\$0.00	\$0.00
<b>Match Contributed</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Program Income Drawdown</b>	\$0.00	\$0.00

**Activity Description:**

Program Administration will be used for the reasonable costs of overall program management, coordination, monitoring, and evaluation. Such costs include (but not limited to) salaries, wages and related costs of staff engaged in program administration, which includes (but is not limited to) providing information about the program, preparing program budget and schedules, preparing reports, and other costs for goods or services needed for administration of the program.

**Location Description:**

N/A

**Activity Progress Narrative:**

With the increase in funding attributable to NSP 2, DCD has recruited for six new positions to administer the program. Two of the positions have been hired, bringing a significant new experience and community contacts to the program. Program oversight continues, as well as ongoing planning in regard to strategic and targeted deployment of NSP 2 resources and to complement and take advantage of existing initiatives in NSP 2 target areas.

**Performance Measures**

**No Performance Measures found.**

**Activity Locations**

**No Activity Locations found.**

**Other Funding Sources Budgeted - Detail**

**No Other Match Funding Sources Found**

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	

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