

Grantee: Milwaukee, WI

Grant: B-08-MN-55-0006

April 1, 2009 thru June 30, 2009 Performance Report

Grant Number:

B-08-MN-55-0006

Obligation Date:

03/18/2009

Grantee Name:

Milwaukee, WI

Award Date:

03/18/2009

Grant Amount:

\$9,197,465.00

Contract End Date:

03/18/2013

Grant Status:

Active

Review by HUD:

Reviewed and Approved

Submitted By:

No Submitter Found

Disasters:

Declaration Number

NSP

Plan Description:

As an entitlement community, the City of Milwaukee was awarded \$9.2 million in Neighborhood Stabilization Program (NSP) funding under the Housing and Economic Recovery Act of 2008. The attached Neighborhood Stabilization Plan Amendment provides a proposed plan of how the City will utilize those funds to address the issue of foreclosed properties in its community. NSP funding is only one component of a broader community strategy to address the issues of foreclosures in the City of Milwaukee. For the last two years, the City of Milwaukee and many partners in the community have been working to address foreclosure issues and the impacts of subprime and predatory lending in the community. In September, Mayor Tom Barrett convened the Milwaukee Foreclosure Partnership Initiative (MFPI) a public-private partnership made up of lenders, foundations and community stakeholders with the primary goal of addressing the foreclosure crisis using a three tiered approach: Prevention, Intervention and Stabilization. Milwaukee's Common Council convened the Special Joint Committee on Redevelopment of Abandoned and Foreclosed Homes to guide the City's efforts for the use of NSP funding. The regulations for the NSP program provide that NSP funding can only be used to address abandoned and foreclosed properties those which have already been foreclosed on and for which ownership has transferred. NSP funding cannot be used to assist homeowners who are being foreclosed on, or who are in danger of losing their homes to foreclosure. The City and its partners recognize that intervention and prevention strategies for homeowners and prospective homeowners are critical to addressing the foreclosure issue in Milwaukee and are working through the MFPI to create and implement programs and resources to address these important issues in the community.

Recovery Needs:

As an entitlement community, the City of Milwaukee was awarded \$9.2 million in Neighborhood Stabilization Program funding under the Housing and Economic Recovery Act of 2008. The attached Neighborhood Stabilization Plan Amendment provides a plan for how the City will utilize those funds to address the issue of foreclosed properties in the community.

NSP funding will provide a considerable resource for the City's foreclosure efforts. However, it is important to note that Milwaukee's approach to the foreclosure crisis goes beyond tackling the issue of abandoned and foreclosed properties. It includes coordinated efforts to assist homeowners in danger of foreclosure, as well as establish a framework to address the root causes of foreclosures with the goal of preventing similar problems in the future.

The Problem--Foreclosures are resulting in significant costs for Milwaukee homeowners and neighborhoods.

Increasing numbers. For the first nine months of 2008, foreclosure filings in City of Milwaukee were up 35% compared to the same period in 2007. There are currently 1,619 bank owned foreclosed properties and 138 City owned foreclosed properties in Milwaukee neighborhoods. Looking forward, there are over 4,000 open foreclosure filings that are likely to result in additional vacant and abandoned properties.

Disproportionate impact. In Milwaukee, foreclosures and the related issues of subprime and predatory lending disproportionately impacted Milwaukee's poorest neighborhoods and low-income and minority families. There were over 17,800 subprime loans originated in Milwaukee County in 2005 and 2006, totaling over \$1.7 billion. In 2006, 59% of all of the mortgages issued in Milwaukee's Community Development Block Grant Area were either subprime or high interest mortgages. In 2006, over 2/3 (69%) of African American borrowers obtained high cost mortgages compared to less than 1/3 (30%) of whites.

Loss of homeownership. Over half of the subprime lending activity in Milwaukee was refinancing loans for existing homeowners. Long term homeowners, who have been a stabilizing force for City neighborhoods, are being displaced. Home equity, which is the single largest source of wealth building for most low and moderate income families, is being erased.

Effect on renters. Tenants are being impacted as well, as evictions are up significantly, and increasing numbers of them are foreclosure related. Many foreclosed homeowners turning to the rental market for housing are having difficulty securing rental property due to damage to their credit rating caused by the foreclosure.

Neighborhood impacts. Two-thirds of the bank owned foreclosures have open building code violations. Board ups have increased over 50% and vacant house fires have doubled. Left unattended, foreclosed properties are attractions for nuisance and criminal behavior.

A Coordinated Approach--There are a number of comprehensive and thoughtful initiatives that are currently underway that will complement and strengthen Neighborhood Stabilization Program efforts.

The Strategies to Overcome Predatory Practices (STOPP) Initiative has worked since 2002 through the Milwaukee Metropolitan Fair Housing Council in collaboration with local and state organizations to raise awareness of predatory and subprime lending activity and to provide consumer education and outreach in the community. Local housing counseling agencies have been providing foreclosure counseling services. Local academic institutions have provided research, education and consumer outreach within the community. Foreclosure Task Forces have been implemented by the City of Milwaukee and through the sponsorship of the U.S. Department of Housing and Urban Development to address neighborhood issues, intervention efforts and legislative reforms relating to the foreclosure issue.

In September, Milwaukee Mayor Tom Barrett launched the Milwaukee Foreclosure Partnership Initiative (MFPI), a public-private partnership made up of lenders, foundations real estate professionals, government representatives and community stakeholders to coordinate and focus efforts to address the foreclosure crisis in Milwaukee. The MFPI is utilizing a three-pronged approach to address not only the issue of abandoned and foreclosed homes, but the issues of foreclosure prevention and intervention as well. Over 100 individuals representing a broad range of community interests are currently participating in MFPI workgroups to create strategies and increase resources to address foreclosures in Milwaukee. Milwaukee's Common Council has also convened the Special Joint Committee on Redevelopment of Abandoned and Foreclosed Homes to guide the City's efforts for the use of Neighborhood Stabilization Program funding.

The NSP Plan--The proposed plan for the use of NSP funding has been designed to utilize a number of different strategies to address the issue of foreclosed homes in City neighborhoods. The plan recognizes that a one size fits all approach will not meet the need of neighborhoods impacted by the foreclosure issue. It includes a set of tools that build on existing programs, as well bring new ones to the effort. Proposed activities include those which promote homeownership, affordable rental housing, blight elimination and the improvement of City neighborhoods. The plan includes roles for government, residents, nonprofits, developers, lenders, and the real estate community because all are important to achieving results.

Given the sheer number of foreclosed properties in the City, as well as the number of open foreclosure filings likely to result in increased numbers of abandoned and foreclosed homes, every effort will be made to leverage Neighborhood Stabilization Program funding and seek additional resources for the City's efforts.

The NSP Substantial Amendment is available for review on our website: www.milwaukee.gov/cdbg. (City of Milwaukee).

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$8,869,340.00
Total CDBG Program Funds Budgeted	N/A	\$8,869,340.00

Program Funds Drawdown	\$174,558.63	\$174,558.63
Obligated CDBG DR Funds	\$293,847.63	\$293,847.63
Expended CDBG DR Funds	\$174,558.63	\$174,558.63
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Progress Toward Required Numeric Targets

Requirement	Required	To Date
Minimum Overall Benefit Percentage	\$99.99	\$0.00
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$1,379,619.75	\$0.00
Limit on Admin/Planning	\$919,746.50	\$174,558.63
Limit on State Admin	\$0.00	\$0.00

Progress Toward Activity Type Targets

Progress Toward National Objective Targets

Overall Progress Narrative:

The City has made significant progress in implementing activities under the NSP 1 Program.

Program guidelines, materials and documents for all of the homebuyer and rental owner assisted activities were developed and finalized. Extensive outreach and informational meetings were held with local lenders, realtors and homebuying counseling agencies to provide information solicit feedback and market the programs. Program information and application materials were placed on City's foreclosure website:

www.milwaukeehousinghelp.org and also distributed to local community organizations and through neighborhood literature drops. Applications for programs were accepted beginning April 15.

The City established a land bank to support its NSP foreclosure activities. Incorporation documents were created by the City Attorney and will be registered with the State of Wisconsin in July and acquisition activity under the land bank will commence in August. A partnership was developed with the National Community Stabilization Trust (NCST) to take advantage of the NCST's relationships with national servicers and investors holding foreclosed properties. Operating procedures and documents are in the process of being finalized and the City is expected to go live with the NCST in August.

The City issued a Request for Qualifications (RFQ) to assemble a team of qualified developers, owners and managers of residential housing who can assist them in their efforts to address the foreclosure problem in City neighborhoods. Based on responses to this RFQ, the City will establish and maintain a list of qualified entities that are interested in, and capable of purchasing, developing, selling and/or owning and managing foreclosed housing in a manner that meets the requirements of the NSP 1 program and preserves and enhances City neighborhoods. The City received 18 responses to their RFQ, and will make a determination of eligible participants in August. After selection, the City will work with successful entities to identify foreclosed properties for redevelopment and qualified entities will be eligible to apply funding for proposed NSP redevelopment activities.

In order to encourage economic opportunities for local emerging business enterprises, in the NSP Program, the City held an open house and meetings for local contractors to make them aware of business opportunities in the program. As a result, the City implemented several enhancements to its notification process for bidding on housing rehabilitation work and the City created a revolving loan fund for small contractors working in NSP rehabilitation programs.

Project Summary

Project #, Project Title	This Report Period		To Date	
	Project Funds Budgeted	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
9999, Restricted Balance	\$0.00	\$0.00	\$0.00	\$0.00
NS1100000000, ADMINISTRATION	\$919,746.00	\$174,558.63	\$919,746.00	\$174,558.63
NS1200000000, HOMEBUYER ASSISTANCE	\$1,668,000.00	\$0.00	\$1,668,000.00	\$0.00
NS1300000000, VACANT LAND INITIATIVE	\$1,300,000.00	\$0.00	\$1,300,000.00	\$0.00
NS1400000000, ACQUISTION/REHAB/RESALE PROGRAM	\$380,500.00	\$0.00	\$380,500.00	\$0.00
NS1500000000, RENTAL REHABILITATION	\$984,375.00	\$0.00	\$984,375.00	\$0.00
NS1510000000, RENTAL REHABILITATION (MULTI-FAMILY	\$328,125.00	\$0.00	\$328,125.00	\$0.00
NS1600000000, RENTAL DEVELOPMENT - LARGE PROJECTS	\$900,000.00	\$0.00	\$900,000.00	\$0.00
NS1610000000, RENTAL DEVELOPMENT - LARGE PROJECTS	\$300,000.00	\$0.00	\$300,000.00	\$0.00
NS1700000000, BUY IN YOUR NEIGHBORHOOD	\$240,000.00	\$0.00	\$240,000.00	\$0.00
NS1800000000, DEMOLITION	\$1,312,500.00	\$0.00	\$1,312,500.00	\$0.00
NS1900000000, LAND BANK	\$864,219.00	\$0.00	\$864,219.00	\$0.00

Activities

Grantee Activity Number: NS1100200151

Activity Title: NS1100200151

Activity Category:

Administration

Activity Status:

Under Way

Project Number:

NS1100000000

Project Title:

ADMINISTRATION

Projected Start Date:

10/01/2008

Projected End Date:

02/01/2013

National Objective:

N/A

Responsible Organization:

Community Development Grants Administration

Overall

Apr 1 thru Jun 30, 2009

To Date

Total Projected Budget from All Sources

N/A

\$147,000.00

Total CDBG Program Funds Budgeted

N/A

\$147,000.00

Program Funds Drawdown

\$2,933.33

\$2,933.33

Obligated CDBG DR Funds

\$2,933.33

\$2,933.33

Expended CDBG DR Funds

\$2,933.33

\$2,933.33

Match Contributed

\$0.00

\$0.00

Program Income Received

\$0.00

\$0.00

Program Income Drawdown

\$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:

Community Development Grants Administration has developed procedures and processes to monitor the overall program management of the funded activities. Also, budgets, schedules and the necessary compliance reporting forms have been developed for the administration of the program.

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

Grantee Activity Number: NS1100300191

Activity Title: NS1100300191

Activity Category:

Administration

Activity Status:

Under Way

Project Number:

NS1100000000

Project Title:

ADMINISTRATION

Projected Start Date:

10/01/2008

Projected End Date:

02/01/2013

National Objective:

N/A

Responsible Organization:

Department of City Development

Overall

Apr 1 thru Jun 30, 2009

To Date

Total Projected Budget from All Sources	N/A	\$688,246.00
Total CDBG Program Funds Budgeted	N/A	\$688,246.00
Program Funds Drawdown	\$171,625.30	\$171,625.30
Obligated CDBG DR Funds	\$290,914.30	\$290,914.30
Expended CDBG DR Funds	\$171,625.30	\$171,625.30
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$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 Department of City Development (DCD) utilized NSP administrative funding for salary costs, contractual costs and miscellaneous costs. In addition to the activities contained in the narratives for the NSP Program Activities, the following activities have been performed, utilizing the afore-mentioned administrative costs, within the last quarter:

- o The preparation of 17 budgets and 1 budget amendment for activities related to the NSP Program.
- o The execution of three weatherization contracts and three home rehab inspection contracts. These contractors will assist DCD in preparing the scope of work related to weatherization and rehab improvements for homeowners that will be applying for Homebuyer Assistance and Rental Rehab funding.

The creation and continued updates of a comprehensive "real-time" foreclosures tracking system which draws information from the County Register of Deeds Office (foreclosure filings and releases) and the City Assessors's Office (property sales, including Sheriff's Sales.) This database is updated continuously and allows the City to track individual foreclosure filings and sales data at the City-wide, neighborhood, census tract, and block levels to help target NSP activities. The database also provides a mapping tool and lists of foreclosed properties to assist those interested in the NSP program in locating foreclosed properties

for purchase within the NSP target area.

- o The review, approval an project set up of various Homebuyer Assistance and Rent Rehab projects.

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
