

**HOME PROGRAM COMMISSION**  
**Minutes**  
**August 30, 2011**

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MEMBERS PRESENT: Alderman David Bogdala, Alderman Ted Ruffolo,  
Alderman Jesse Downing,  
Ron Frederick, Art Landry and Anderson Lattimore

MEMBERS EXCUSED: Alderman Daniel Prozanski

STAFF PRESENT: Jeffrey B. Labahn, Mike Maki and Tony Geliche

*Others Present: Alderman Rocco LaMacchia, Alderman G John Ruffalo and  
Alderman Anthony Nudo.*

The meeting was called to order at 6:00 p.m. by Alderman Bogdala and roll call was taken.

A motion to approve the minutes from December 14, December 21, and December 22, 2010 was made by Mr. Frederick and seconded by Mr. Landry. The motion passed unanimously. (Ayes-6; Noes-0).

**1. Election of Chairman and Vice-Chairman**

Alderman Bogdala opened the floor for nominations for Chairman.

A nomination was made by Mr. Lattimore and seconded by Alderman Ruffolo to have Alderman Bogdala as Chairman. Nominations for Chairman were closed.

A nomination was made by Mr. Lattimore and seconded by Mr. Frederick to have Alderman Ruffolo as Vice Chairman. Nominations for Vice Chairman were closed.

It was move to have Alderman Bogdala as Chairman and Alderman Ruffolo as Vice Chairman. The motion passed unanimously. (Ayes-6; Noes-0).

**2. Consideration of Revised Application for the HOME Rental Development Funding from Celebre Place LLC for the proposed Celebre Place Senior Residential Care Apartment Complex (RCAC), located at 1870 27th Avenue.**

Alderman Bogdala asked Tony Geliche, Community Development Specialist, to go through the timeline of events relating to this project.

Mr. Geliche explained:

- December of 2010 they received a Conditional Approval.
- In January or February of 2010 they revised the application they submitted.

- December of 2010 Mark McCarthy retired.
- The original application was approved for \$660,000 - and they revised the application to request \$840,000.
- The 2011 funding was not yet available and there were not \$840,000 in funds available to the applicant.
- May or June 2011 the applicant asked us to reconsider the \$660,000.
- Mike Maki assumed the role and obtained training as HOME Coordinator.
- The City has now received its funding and today is the earliest we could discuss the funding with the developer.
- The developer is now asking for consideration of the previous funding.

Alderman Bogdala said it is important for everyone to understand why we are here today. We are not in opposition to the development, we are here to discuss the issues.

Robert Schwarz, 2310 Parmenter Street, Middleton, gave a presentation of the project. Also available were Robert Gake, business partner and Pamela Klein from Fresh Coast Partners.

Alderman Bogdala recognized Supervisor William Michel and asked if he had any comments. Supervisor Michel said he is the Chairman of the Senior Action Council and they are looking forward to having their office in this Celebre Place building. The Council doesn't have the funds to pay their taxes on their current building and they would like to sell it.

Alderman Bogdala asked if Senior Action is putting \$50,000 toward the purchase price. Supervisor Michel said they reduced the purchase price by \$50,000 to allow for an office space within their building. No money was exchanged, just deducted from the cost.

Mr. Frederick asked about the business center within the building. Mr. Schwarz said this is a common business center or office for the residents to use.

Alderman Bogdala said this is affordable living for seniors, not necessarily assisted living. Will the apartments be in violation of the Conditional Use Permit? Mr. Schwarz said the Conditional Use Permit goes with the property. We wanted some flexibility to change things if the family care disappears.

Pam Klein, Fresh Coast Partners, 2312 E. Kensington, Shorewood, explained their company offers new and innovative approaches to combining housing and services for seniors. They focus on the management of assisted living residences and dementia care facilities. Alderman Bogdala said this service is OK, but a portion of this service could be turned off with no recourse from the City. Ms. Klein said the service is part of the Medicaide program. It was created to be a cost savings to the State. We will have 15 to 30 full time employees. Alderman Bogdala said he does not want a level of service taken away in the future. He would like a modification in the language to require approval from the Common Council.

Mr. Schwarz said he has worked with Brian Wilke, Development Coordinator from City Development. If you want assurance that the service will be provided, we will have that language before this items goes to Common Council for approval. If there is only a

change to the Operational Plan, this can be changed before Council. We don't want to have it tied to the Loan, HOME Agreement or Application. Mr. Maki confirmed it would not be tied to the other items. Jeff Labahn, City Planner, said the Operational Plan is presented with the Conditional Use Permit. There is a separate item on the Council agenda for the HOME Agreement.

Mr. Schwarz said the language can be modified to address the concern. The owner will not be allowed to revise the Conditional Use Permit without the Common Council review and approval. Alderman Bogdala said this must be done as soon as possible to be included with the meeting agenda.

Mr. Frederick said he was concerned based on what was said about family care and the freeze on enrollment. Ms. Klein said there is not a freeze, there is open enrollment. When someone moves out, someone else is available to enroll.

Mr. Lattimore said on page 44 it refers to the rent is determined by the size of the unit. Is this a wide range? Mr. Schwarz said between \$2 and \$4.00

Alderman Bogdala said walk me through to how we got to \$666,000. Mr. Maki said the gap between the total project cost and the amount available from Equity from Low Income Housing tax credits, plus Permanent Loan Financing and the Developer Equity, is the \$666,000.

Alderman Bogdala said can you articulate on how we have money available to cover this \$666,000. Mr. Geliche said we have approximately \$773,000 available. The City has the potential for \$1.3 million from home sales when we sell our homes. Alderman Bogdala asked how many were sold in 2010 and 2011. Mr. Geliche said 2 homes in 2010 and 1 in 2011 with an average price of \$135,000. Mr. Geliche added that there has been more interest in the houses in the last four months.

Alderman Bogdala said there is \$220,000 in deferred developers fees. Is that the money you are investing? Mr. Schwarz said that is what we will make when it is all done. The Developers fee is \$700,000 per IRS Code, they set limits on fees. The fee is for the risk they assume. We had to pay WHEDA the site costs and attorneys fees. The developer fee is only amount guaranteed. The developer fee is market based. A payment for service and expertise delivered. Payments made in the future are contingent on liabilities. We could see a small percent at closing, the rest over the next 3 years.

Alderman Ruffolo asked is this in conformance with IRS policy? Mr. Schwarz said the IRS has a cap on the investment and fee. They can say you must make good on guarantees if deferred amount of developers fees we would not be able to close.

Alderman Bogdala asked what is the total developers fee. Mr. Schwarz said \$700,000. We receive \$480,000 over the next 3 years. \$220,000 is deferred and not paid unless there is sufficient cash flow. Mr. Maki said in the first 2 years, no payments are proposed, in year 3 through 20, the payment is \$19,998 in interest only. The principal would be paid in year 20.

Alderman Bogdala asked if that was standard for the interest to be deferred for the first

years. Mr. Maki said it was similar to Casa del Mare. In that project, no payments were made the first 2 years. Interest only payments will be made in years 3 - 5 and interest and Principal payments are to be made in years 6-20. Alderman Bogdala asked why payments could not be made in the first 2 years according to the proforma, what is the rationale for the payment of the Principal in year 20. Mr. Maki said according to the proforma of the developer, there is not enough net cash flow to pay the Principal until year 20. Alderman Bogdala asked if the interest payments could start earlier. Mr. Maki said that would affect the proforma.

Alderman Bogdala said he has concerns about the repayment of funds. First you request \$666,000, then amended the request to ask for \$840,000. We did not have the funding available, so now you are asking for \$666,000. If we approve this amount, the HOM E funds will be drained down to nothing and it will be at least 3 years until we see some interest payments and in year 20 for the principal. If there are any issues, the City is in the second position to get their money back. Mr. Schwarz said there is a memo outlining the repayment on page 71. The memo addresses the feasibility of repayment.

Alderman Bogdala confirmed that Mr. Schwarz understands there will be no waiving of the Park Impact fees. Mr. Geliche noted on page 7, the Park Impact fee of \$56,000.

Alderman Bogdala asked if the tax credits have been sold. Mr. Schwarz said yes, to Great Lakes Capital Fund, which has provided a commitment letter on page 80.

A motion was made by Alderman Ruffalo and seconded by Alderman Downing to approve the revised application with the understanding that new language will be drafted addressing the concern of the Assisted Living services provided. Mr. Geliche said this will be part of the Conditional Use Permit, we will add it appropriate place in the Operational Plan.

The motion passed unanimously. (Ayes-6; Noes-0)

### **3. Consideration of HOME Program Agreement between the City of Kenosha and Celebre Place LLC for the Celebre Place Senior Care Apartment Complex (RCAC), located at 1870 27th Avenue.**

Mr. Maki said he has had conversation with Staff from HUD and WHEDA on how the money is distributed for the project costs. According to HUD regulations, the project is not completed until a beneficiary/tenant has occupied each HOME unit (11 units). The last disbursement of HOME Funds can be no longer than 90 days from that date. Mr. Maki pointed out the major changes in the disbursement agreement concerning the structure of payments that are disbursed to the project costs as well as the City's obligation to oversee the project for the next 20 years. We will be reviewing rents, leases, marketing plans and Affirmative Marketing plans as well as inspections of the units, common area and the exterior of the building.

Alderman Bogdala asked if the market studies address capacity and utilization. Do you have firm numbers. Mr. Schwarz said yes, page 39 - 45. We would not have received the funds if WHEDA had any doubts.

Alderman Bogdala asked if we have a substantial vacancy rate of the existing senior units in Kenosha. Mr. Geliche said no.

A motion was made by Alderman Downing and seconded by Mr. Landry to approve the Home Agreement. The motion passed unanimously. (Ayes-6; Noes-0)

### **Public Comments**

People speaking in support of the Celebre Place project included: Myra Jones, Dotty Geminan, Joseph Dimusi, Linda Bauer, Virginia Farrel and M. Jones. Alderman Rocco LaMacchia, from the district, also spoke in favor of the project.

### **Commissioner Comments**

Alderman Bogdala thanked the people who live in Villa Ciera and came to support the Celebre Place project. Thank you all for your patience while the Commission reviewed the documents to make sure everyone understands what is expected of them.

### **Staff Comments**

Mr. Geliche said we will be having another meeting shortly to discuss the 2012 HOME Program Description.

A motion to adjourn was made by Alderman Ruffalo and seconded by Alderman Downing. The motion passed unanimously (Ayes-6; Noes-0). The meeting adjourned at 7:48 p.m.

*Meeting Minutes Prepared by: Kay Schueffner, Department of City Development*

**HOME PROGRAM COMMISSION**  
**Minutes**  
**September 22, 2011**

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MEMBERS PRESENT: Alderman David Bogdala,  
Ron Frederick, Art Landry and Anderson Lattimore

MEMBERS EXCUSED: Alderman Daniel Prozanski, Alderman Ted Ruffolo,  
and Alderman Jesse Downing

STAFF PRESENT: Jeffrey B. Labahn, Mike Maki and Tony Geliche

*Others Present: Alderman Steve Bostrom*

The meeting was called to order at 5:30 p.m. by Alderman Bogdala and roll call was taken.

A motion to approve the minutes from August 30, 2011 was made and seconded . The motion passed unanimously. (Ayes-4; Noes-0).

**1. Consideration of 2012 HOME Program Description**

Alderman Bogdala asked staff to provide comments regarding the proposed 2012 HOME Program Description. Mike Maki, Planner, noted that he will walk through each of the sections of the 2011 HOME Program Description and review the eligible activities under the HOME Program rules, as summarized in the Fact Sheet. He added that all references to 2011 would be changed to 2012.

Mr. Maki noted that the proposed 2012 Funding Amounts for Program Administration is 10 percent of the 2012 allocation, Community Housing Development Organizations (CHDO's) are 15 percent of the 2012 allocation and that Eligible Housing Activities make up the final 75 percent of the 2012 allocation. The 2012 allocation in the proposed 2012 HOME Program Description is based on the 2011 allocation, a total of \$464,881.00. Additionally, Program Income, in the amount of \$312,000.00 is estimated from the sale of 3 City homes valued at \$104,000.00 each, net proceeds.

Mr. Maki noted that the 2011 HOME Program Description permits the use of HOME funds to be used for New Senior Rental Housing Development, Acquisition and Rehabilitation of Foreclosed Single Family Homes, and Home Buyer Purchase Assistance. Additionally, the 2011 Description noted that the City is setting aside up to \$25,000 for CHDO administrative expenses. Tony Geliche, Community Development Specialist, informed the Commission that the City currently does not have a CHDO. Our existing CHDO, the Carpenter's HOME Improvement Program, was eliminated through budget cuts with Kenosha Unified School District. Alderman Bogdala asked if we could use the 15% CHDO set-aside for other eligible HOME activities. Mr. Geliche answered that those funds could only be used for CHDO's that have been certified by the City. Mr. Maki also added that the Commission could strike the second paragraph which noted the City could also set aside \$25,000 for CHDO's, or the Commission could change it to

read, "The City **could** also set aside up to \$25,000 for CHDO administrative expenses. The Commission agreed to change the additional CHDO set aside to "**could**".

Mr. Maki continued with the analysis of the 2012 HOME Program Description. He noted that staff is requesting comments from the Commission on proposed eligible HOME Program Activities for the 2012 Description. HOME funds may also be used for Homebuyer Acquisition Assistance, where the HOME Program funds could assist homebuyers with downpayment or closing cost assistance and/or a second mortgage. The City currently provides assistance through a second mortgage, up to 17% of the sales price for the sale of new homes constructed by the City and for two additional homes in the Brookstone Homes Subdivision (Grandview Meadows). Mr. Maki noted that use of HOME funds for this purpose would be subject to an 80% maximum household income and an affordability period that is typically ten years.

Mr. Maki then discussed the Lease Purchase in conjunction with a Homebuyer Program. Ownership of the home must be completed within 36 months of signing the lease-purchase agreement. He noted that the City would have an additional 6 months to identify an eligible purchaser if the first purchaser was not eligible. After that period, the home would be rental, if not sold to a homebuyer.

Mr. Maki went on to say that the HOME Commission could choose to fund Homeowner rehabilitation or refinancing. The City in the past provided deferred and/or low-interest installment loans for rehabilitation of homes through the Community Development Block Grant Program and could also do this under the HOME Program. The assistance could be provided through loans or grants. Mr. Maki also stated that residents of the home would also need to be temporarily relocated while any lead abatement was being done in the home. Mr. Maki also added that any rehabilitation work would have to be in accordance with written City Rehabilitation standards, which would need to be first adopted prior to any work being done.

HOME Program funds could also be used to convert existing structures from another use to affordable residential. The Commission discussed if the HOME funds could be used to rehabilitate or demolish the 4-unit buildings in the Wilson Heights Neighborhood. The Commission also asked if HOME Program funds could be used to buy buildings in the downtown area, maybe in the area around the downtown. Mr. Maki answered that if the money was used to acquire and/or demolish existing buildings, HOME Program rules require that new construction would need to occur within 12 months of the acquisition and the new construction could only be for affordable residential units.

Mr. Maki continued with the eligible HOME Program activities that the Commission could consider. Site Improvements on HOME Project sites could be funded, such as land preparation, environmental or landscaping. Initial operating deficit reserves can be for the initial rent-up period, for up to 18 months. HOME Program funds may also be used for relocation expenses for households who live in a building acquired under the HOME Program for demolition or rehabilitation. The Commission could also choose to provide tenant based rental assistance, including Senior developments. Tenants could also be provided Assistance could be through security deposits. The Commission was not in favor of providing tenant based rental assistance. Mr. Gelicke noted that the Kenosha Housing Authority provided this type of assistance.

Mr. Maki noted that the the Commission may want to change the item under Eligible HOME Program activities from Acquisition and Rehabilitation of Foreclosed Single Family homes to all homes, not just foreclosed single family homes. The Commission discussed which neighborhoods or areas of the City would be targeted for acquisition. The Commission discussed maintaining the notation that it should be foreclosed single family homes and Alderman Bogdala noted that perhaps the Kenosha Realtor's Association could assist with providing this information.

Alderman Bogdala stated that he would recommend removing New Senior Rental Development from the list of eligible activities to fund for 2012, since Celebre Place was recently approved and was provided a large amount of HOME Program money. There should be plenty of Senior developments in the City now. The Commission agreed to this change. Mr. Geliche recommended that the language on page 2 and 3 of the HOME Program Description should then be removed from the 2012 Description since it references Rental Housing. The Commission agreed to this change.

Alderman Bogdala recognized Alderman Bostrom and asked if the Kenosha Realtor's Association would be able to assist the HOME Program Commission with providing information on foreclosed single-family homes that the City could acquire for rehabilitation. Alderman Bostrom answered that the Realtor's Association does not maintain this information. However, they could provide a list of larger realtor firms that the City could contact to provide this information and that they would be happy to provide this information. The Commission agreed to work with the Realtor's Association and an RFP may then have to be sent out to firms so that there is an equal opportunity.

Alderman Bogdala asked for input from the other Commissioners concerning which activities they would like to see funded in 2012. The Commission liked the idea of assisting homebuyers across the City, not just the City houses and in Grandview Meadows. Mr. Geliche stated that the Homebuyer requirements were on page 4 of the Description.

Mr. Maki stated that he would recommend changes to the Mortgage Subordination section on page 5. Under the 2011 Program Description, mortgage subordinations require a 90% loan-value limit, which includes both the first mortgage and the City's second mortgage. It also requires that closing costs be no more than 3% of the loan amount, as well as property value is determined based on the assessed value. Mr. Maki noted he has recently dealt with two requests for subordination where the property value determination and the recommendation to approve the subordination based on the assessed value for the property caused an issue. In one case, the assessed value was higher than the appraised value; and in the other, the appraised value was higher. He would recommend that the Commission consider a change be made to allow the lower of the assessed value or appraised value. The Commission agreed to this change.

Mr. Maki then noted that a change in the funding level on page 7 would be made to reflect the 2011 HOME Program allocation, which is \$464,881.00.

A motion was made and seconded to approve the 2012 HOME Program Description as recommend. The motion passed unanimously. (Ayes-4; Noes-0).

Mr. Geliche also added that the approved 2012 HOME Program Description would

supercede all previous HOME Program Descriptions. The Common Council is expected to act on the CDBG and HOME Program Descriptions on November 7 and then it will be provided to HUD.

### **Public Comments**

There were no Public comments.

### **Commissioner Comments**

Alderman Bogdala noted that he would like to have a follow up meeting in about a month to discuss working with the Realtor's Association and obtaining information on foreclosed single-family homes.

### **Staff Comments**

Mr. Geliche informed the Commission that the changes will be made to the proposed 2012 HOME Program Description and that the Commission will be emailed the updated version.

A motion to adjourn was made and seconded. The motion passed unanimously (Ayes-4 Noes-0). The meeting adjourned at 6:35 p.m.

*Meeting Minutes Prepared by: Mike Maki, Department of City Development*