

**HOW TO USE THE
HOME PROGRAM COMMISSION
MINUTES ARCHIVE**

- Click the “Bookmarks” tab to the left of the screen to view links to each HOME Program Meeting Minutes
- Click on the Meeting Date you wish to view.

HOME PROGRAM COMMISSION
Minutes
January 31, 2012

MEMBERS PRESENT: Alderman David Bogdala, Alderman Ted Ruffalo,
Alderman Jesse Downing, Ron Frederick and Anderson
Lattimore

MEMBERS EXCUSED: Alderman Daniel Prozanski and Art Landry

STAFF PRESENT: Jeffrey B. Labahn and Mike Maki

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 September 22, 2011 was made by Alderman Ruffalo and seconded by Mr. Frederick. The motion passed unanimously. (Ayes 5; Nays 0).

1. Subordination Request of HOME Loans in the amount of \$240,500 and \$16,500 from Kenosha Seniors Limited Partnership to Wisconsin Housing and Economic Development Authority (WHEDA) in the amount of \$1,367,645.00. PUBLIC HEARING

Public hearing opened.

Phil Schultz, 3900 S. Prairie Hill Lane, Greenfield, President of Midwest Affordable Housing Corporation was available for questions.

Public hearing closed.

Mike Maki, Community Development Specialist, explained the request to subordinate the two remaining HOME loans, extend the term and adjust the interest rate of the loans.

Mr. Lattimore said the structure was built in 1996 and is roughly 15 years old. What is the "half life" or targeted time for improvements? Mr. Schultz said the Franciscan Ministries, the previous caretakers of the building took excellent care of the building and little maintenance is necessary. HUD requires that \$25,000 is invested in each unit for upgrades to ensure a quality upgrade. Last year, we took some money out of the replacement reserves to pay the City. The reserve must be replenished. In addition, we are proposing to add another \$175,000 to that replacement reserve. With any money remaining after the improvements, we would like to add other amenities, such as kitchen facilities to feed the tenants who no longer want to cook for themselves.

Alderman Bogdala said you mentioned about staying "affordable" for 30 years if you get the tax credits you are seeking. What if you don't get the credits? Will they still be affordable housing? Mr. Schultz said yes, we will stay affordable for the duration of the loan.

Alderman Bogdala said if the credits are not obtained, will you pay off the HOME loan eventually anyway? Mr. Schultz said without the credits the cash flow may be short, but it is our intent to pay off the loan.

Alderman Bogdala confirmed that Mr. Schultz approves of the new terms and rates that are proposed. Mr. Schultz said yes.

Alderman Bogdala suggested a tour of the facility. Staff will work with Mr. Schultz to organize some dates and times they could tour the Glenwood Apartments and Villa Ciera facilities.

A motion was made by Alderman Ruffalo and seconded by Alderman Downing to approve the Subordination Request. The motion passed unanimously. (Ayes 5, Nays 0)

2. HOME Program Rule Changes. PUBLIC HEARING

Public hearing opened, no comments, public hearing closed.

Alderman Bogdala said that these proposed changes from HUD may have some huge impacts. We need to review and provide comment.

Mr. Maki explained that comments on the proposed changes must be submitted to HUD before February 14, 2012. Staff intends to submit them electronically. Mr. Maki described in more detail the changes that would have the most impact on the City of Kenosha.

- The City will be required to develop and follow written policies and procedures for administering all aspects of the HOME Program. *(The City's HOME Program Description addresses some of these items, but it is expected that more extensive policies will be needed.)*
- The City will be required to adopt a reasonable amount of profit or return on an owner's/developer's investment in projects and evaluate projects before committing HOME funds. *(The City currently performs an extensive analysis of rental projects, but all HOME activities will require this level of analysis.)*
- Projects not completed within four (4) years of the commitment date will be considered terminated and HOME funds will be required to be repaid from non-federal sources. A one (1) year extension may be requested.

Alderman Ruffalo asked what is defined as a complete project. Mr. Maki said for the houses, we would have to have the house sold.

Mr. Frederick said why is this restrictive to us? Mr. Maki said usually this would not be restrictive, but because of the economy, the houses are not selling. Mr. Maki added we are not sure this change will be from 2012 forward or include any previous years. Mr. Frederick asked what would be a reasonable amount of time to complete? Mr. Maki said he would like to see a variance to the time right now because of the state of the market.

Alderman Bogdala said he recently attended a *Habitat for Humanity* open house and talked with some of their representatives. They said they have an approved buyer/homeowner before they start a project. We may want to consider that in the future. Alderman Bogdala added that he asked if they would be interested in rehabbing any properties. They said they already have a group that just does rehab projects.

Mr. Frederick suggested a "buyer's pool", or a number of people already pre-approved for a house. Mr. Maki said in the past, when a new home became available, there were a number of people who were interested and qualified for the home. Selling the homes was not a problem. We also receive money from program income. Program income are the payments made on a previous loan. Mr. Maki said HUD requires that we use the program income before we use any entitlement money.

- HOME funds invested in a rental project must be repaid where the rental unit is not leased to an initial tenant within eighteen (18) months.
- Housing units acquired, rehabilitated or newly constructed with HOME funds for home ownership purposes must be sold to an eligible buyer within six (6) months of completion. If the transfer has not occurred within six (6) months, the unit must be converted to a HOME rental unit. *(20 year affordability requirements for new construction.)*

Mr. Frederick asked once the property is rented, must it remain as a rental property? Mr. Maki said it could be sold if the tenant that was renting offers to purchase the property. Mr. Frederick said this is not consistent with the concept that the HOME money should go to owner occupied homes.

Alderman Bogdala asked if we have heard how our current thirteen (13) houses will be impacted. Mr. Maki said according to the transcript, it looks like these rules would apply from 2012 and forward.

Alderman Ruffalo asked for clarification, if the property is a rental property, is it indefinitely a rental property? Mr. Maki said if it was new and then rented, it has a twenty-year affordability requirement. Alderman Ruffalo said what if someone wants to buy the a certain property, can we evict the renter? Mr. Maki said no. Alderman Ruffalo said this may still be acceptable as long as we can eventually sell the property. Mr. Maki clarified that only the tenant could purchase the property. Other qualified applicants could not buy the unit being rented. Alderman Bogdala said this would change our entire intention of home ownership for these properties.

Alderman Bogdala confirmed that the City is not building any new houses in the future using HOME funds, only NSP funds. Mr. Maki said yes. If we go forward with a plan to buy and rehab properties, these changes would be applicable.

Alderman Bogdala said from a commenting standpoint, we need to comment to HUD on how we feel. Mr. Lattimore added we have thirteen houses we are having difficulty selling and don't need more restrictions. Alderman Ruffalo said the changes are contrary to our mission.

Mr. Frederick asked do you object to the rules in their entirety or just the time periods? Mr. Lattimore said I believe we object to the philosophy and practicality.

Alderman Bogdala suggested issuing a press release to inform people of the proposed rule changes and how they may be affected. We don't want to alarm them, but want to keep them informed. Alderman Bogdala asked Staff if we normally notify the public on changes to Program rules. Mr. Labahn said the changes are not normally this drastic.

Alderman Ruffalo said by renting the property, does that fulfill the City's obligation with the funds? Mr. Maki said yes, but if we rent for a year or two we will have to change the program description and allow the public to comment.

Alderman Bogdala noted that when you have a renter instead of a homeowner, they don't care for the property in the same manner. Mr. Maki said if the City needs to do repairs from any damage, we cannot use HOME funds, we have to find those funds somewhere else. Also, the City does not have Staff to monitor the rental units. Alderman Bogdala asked if we can use HOME funds to pay for a rental management company. Mr. Maki said no, there must be a project beneficiary in order to use HOME funds. Non-Federal funds would have to be used for this purpose.

Alderman Bogdala suggested a Resolution be drafted and placed on the Common Council agenda for support from the Common Council on this item in particular. Staff will draft the Resolution for this item to be placed on the February 6, 2012 Common Council agenda.

Mr. Maki summarized the various proposed rule changes as follows:

- Home ownership units (both new construction and rehabbed units) would be required to be sold at a sales price no greater than ninety-five (95%) percent of area median purchase price for Kenosha County, which is currently \$130,625. For newly constructed units, HUD may allow Kenosha to use the Census Bureau's median sales price for single family homes, currently \$179,900. HUD is requesting specific comments on use of the Census Bureau for the limit on newly constructed units.
- On-site inspections of HOME rental projects will require use of new property standards.
- On-site inspections would be reduced from an annual basis to at least once every three (3) years.
- Participating Jurisdictions would be required to examine the financial condition of HOME rental projects on an annual basis to determine continued financial viability of the project and take actions to correct problems to the extent feasible. HUD is currently proposing this requirement for projects that contain ten (10) or more units and is seeking public comment on the appropriate threshold.
- Participating Jurisdictions would be allowed to charge a reasonable fee to cover the cost of HOME-related compliance monitoring/inspections.

- Participating Jurisdictions may be allowed to invest additional HOME funds for costs into troubled rental projects through a Memorandum Of Understanding with HUD.
- The number of HOME units may also be allowed to be reduced for troubled rental projects.

Public Comments

No public comments.

Commissioner Comments

Alderman Bogdala said there are a number of groups within the City that have similar missions and interests, but we could all use more money. He would like to schedule a work session and invite a number of different groups to share ideas on eliminating blight, building home ownership and cleaning up the City. With more people we could possibly get more ideas and find a way to implement them.

Staff Comments

A motion to adjourn was made by Alderman Ruffalo and seconded by Mr. Frederick. The motion passed unanimously (Ayes 5; Nays 0). The meeting adjourned at 6:40 p.m.

Meeting Minutes Prepared by: Kay Schueffner, Community Development & Inspections

HOME PROGRAM COMMISSION
Minutes
June 14, 2012

MEMBERS PRESENT: Alderman Anthony Kennedy, Alderman Tod Ohnstad, Alderman Daniel Prozanski, Alderman Curt Wilson, Anderson Lattimore, and Ronald Frederick

STAFF PRESENT: Mike Maki and Tony Geliche

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

A motion was made by Alderman Prozanski and seconded by Alderman Kennedy to approve the minutes from January 31, 2012. The motion passed. (Ayes 6; Noes 0).

1. Election of Chairperson and Vice Chairperson of the HOME Program Commission.

Alderman Kennedy opened the meeting and asked for nominations for Chairperson.

A motion was made by Alderman Ohnstad and seconded by Alderman Prozanski to nominate Alderman Wilson for Chairperson.

Nominations were closed. The motion passed. (Ayes 6; Noes 0)

Alderman Wilson asked for nominations for Vice-Chairperson.

A motion was made by Mr. Lattimore and seconded by Alderman Kennedy to nominate Alderman Prozanski for Vice-Chairperson.

Nominations were closed. The motion passed. (Ayes 6; Noes 0)

2. Program Description for HOME Program.

Public hearing opened, no comments, public hearing closed.

Mike Maki, Community Development Specialist, said Congress is requiring additional provisions with the passage of the bill that allocated the 2012 HOME Program funds. Because of these changes, Staff is requesting to revise the Program description to eliminate "acquisition and rehabilitation of single family homes in targeted neighborhoods" as prioritized use of the City's 2012 allocation and replace priority use of the funds for homeowner rehabilitation. If the description is not revised, the City will be required to convert those housing units to rental if they are not sold to an eligible homebuyer within 6 months of completion.

Mr. Maki added that while there has been substantial interest in the properties, people have problems obtaining the financing. The City may want to consider increasing the percentage of the City's Second Mortgage Purchase assistance from 17% to 20% or possibly higher and assist in the downpayment and closing costs.

Tony Geliche, Community Development Specialist, we could use the existing money to make the houses more affordable and sell some of them.

Alderman Kennedy said does this mean the City will be landlords if we don't make this change? Mr. Maki said in 2012 the City has \$256,000 for projects. If the City acquired foreclosed homes and rehabilitated them, we would only have six (6) months to find a buyer before the property would have to be converted to a rental property. Alderman Kennedy asked if the new changes by Congress will affect existing properties. Mr. Maki said no, it applies to the 2012 funds only, but they could come back and have it apply to previous projects.

Mr. Frederick asked if the City could turn the properties over to a Management Company. Mr. Maki said we cannot use HOME funds for management services. Mr. Frederick also asked if we could sell the property once it is a rental and occupied by a tenant. Mr. Geliche said no, it would be subject to Relocation Costs at that time and we have no funding for that.

Alderman Prozanski said Staff mentioned the 17% purchase assistance and the difficulty people are having getting qualified for a bank loan. Maybe we could create a program that gives latitude to Staff to move these properties. Mr. Maki added we could have a Rehab Program similar to the CDBG program and use some universal language.

Alderman Prozanski asked why we moved away from a Deferred Loan Program. Mr. Geliche said the demand went away as the systematic inspections were implemented and there was more of a demand for grant assistance with the repairs. We would like to create a type of a "match" program. Alderman Prozanski said we need to make sure there is enough language to prevent absentee landlords from obtaining the money and directing the funds to non-owner occupied properties.

A motion was made by Alderman Kennedy and seconded by Mr. Lattimore to approve Staff's recommendation to eliminate "Acquisition and Rehabilitation of Foreclosed Single Family Homes in targeted neighborhoods" in the 2012 HOME Program Description and replace it with "Homeowner Rehabilitation" as a priority of our 2012 HOME Program Funds. The motion passed. (Ayes 6; Noes 0)

Public Comments

No public comments.

Commissioner Comments

No Commissioner comments.

Staff Comments

No Staff comments.

A motion to adjourn was made by Alderman Ohnstad and seconded by Mr. Lattimore. The motion passed. (Ayes 6; Noes 0) The meeting adjourned at 6:20 p.m.

Meeting Minutes Prepared by: Kay Schueffner, Community Development & Inspections

HOME PROGRAM COMMISSION
Minutes
September 5, 2012

MEMBERS PRESENT: Alderman Curt Wilson, Alderman Daniel Prozanski,
Alderman Anthony Kennedy, Alderman Tod Ohnstad,
Ronald Frederick and Anderson Lattimore

STAFF PRESENT: Mike Maki and Jeff Labahn

The meeting was called to order at 6:00 p.m. by Alderman Wilson, all members were present.

A motion was made by Alderman Kennedy and seconded by Alderman Ohnstad to approve the minutes from June 14, 2012. The motion passed. (Ayes 6; Noes 0)

1. Amendment of 2012 HOME Program Description

A motion was made by Alderman Kennedy and seconded by Alderman Prozanski to approve the Resolution Amending the 2012 HOME Program Description.

Alderman Ohnstad asked Staff to describe what would be amended with the proposed Resolution.

Mike Maki, Community Development Specialist, explained the HOME Program Description sets the policies and procedures for the HOME funds. The differences are:
-Currently, the description allows a second mortgage, up to 17% of the purchase price of homes sold by the City. The loans are a deferred payment loan with no interest for the first 10 years. Payments begin at year 11 and last for 20 years at a 3% interest rate.

-The Amendment would allow a second mortgage, up to 40% of the purchase price of homes sold by the City. The loans would be a deferred payment loan with no interest for the first 15 years. Payments would begin at year 16 and last for 15 years at a 3% interest rate.

Mr. Maki added that there is still interest in the homes, but it is difficult for home buyers to get a loan. This Amendment would reduce the amount needed from a lending institution from 80% to 57%.

Mr. Lattimore asked how Staff arrived at the "40%" number. Mr. Maki said Staff is currently working with someone interested in a City home, but they are unable to obtain financing. After talking with them and some lending institutions, Staff arrived at the 40% assistance number.

Mr. Frederick asked if the owner defaults on the mortgage, who gets the home, the bank or the City. Mr. Maki said the City is in the second mortgage position, we would be subordinate mortgage holder.

Alderman Ohnstad thanked Staff for coming up with this idea to help sell the properties.

Mr. Frederick asked if Staff thought of a raffle. Mr. Maki said the City has done this in the past when they had more buyers than homes.

The motion passed. (Ayes 6; Noes 0)

Public Comments

No public comments.

Commissioner Comments

No Commissioner comments.

Staff Comments

A motion to adjourn was made by Alderman Kennedy and seconded by Mr. Lattimore. The motion passed . (Ayes 6; Noes 0) The meeting adjourned at 6:12 p.m.

Meeting Minutes Prepared by: Kay Schueffner, Community Development & Inspections

HOME PROGRAM COMMISSION
Minutes
September 19, 2012

MEMBERS PRESENT: Alderman Curt Wilson, Alderman Anthony Kennedy, Alderman Tod Ohnstad, Ronald Frederick and Anderson Lattimore

MEMBERS EXCUSED: Alderman Daniel Prozanski

STAFF PRESENT: Mike Maki

The meeting was called to order at 6:15 p.m. by Alderman Wilson and roll call was taken.

A motion was made by Alderman Kennedy and seconded by Alderman Ohnstad to approve the minutes from September 5, 2012. The motion passed. (Ayes 5; Noes 0)

1. Consideration of 2013 HOME Program Description

A motion was made by Alderman Kennedy and seconded by Alderman Ohnstad to change the 2012 dates to 2013 and to retain "Homeowner Rehabilitation" and Home Buyer Purchase Assistance city-wide" as activities that will be funded with Home funds in 2013.

Alderman Ohnstad asked Mike Maki, Community Development Specialist, to explain what this approval will mean.

Mr. Maki explained that each year the Commission discusses the Program description for the upcoming year. The funds will be used for the same activities as the previous year which are Home Owner rehabilitation and home buyer purchase assistance up to 40% on the second mortgage instead of the previous 17% on the second mortgage. At this time Staff will publish a public notice and hold a 30 day comment period on the plan.

Mr. Lattimore asked how the increased assistance for the second mortgage will facilitate the purchase of these properties.

Mr. Maki explained the previous 17% assistance, plus the 3% downpayment required, left the buyer with securing a first mortgage for 80% of the price. Some home buyers could not afford this amount. Now, with the new amounts, the buyer will only need to secure 57% of the mortgage. Mr. Lattimore confirmed they still need the downpayment amount. Mr. Maki said yes, they still need the downpayment amount.

Mr. Lattimore said in 2013 we are also anticipating home sales to add to our Program Income Funds. What if we don't sell any homes. How do we move forward? Mr. Maki said if we don't sell any homes we will just need to work with less money.

Alderman Kennedy asked if the rental assistance program, previously rejected by the Common Council, came from this Commission. Mr. Maki said yes. Alderman Kennedy said he would like to see a similar project brought back before Council for their review.

The motion passed. (Ayes 5; Noes 0)

Public Comments

No public comments.

Commissioner Comments

No Commissioner comments.

Staff Comments

No Staff comments.

A motion to adjourn was made by Mr. Frederick and seconded by Alderman Ohnstad. The motion passed . (Ayes 5; Noes 0) The meeting adjourned at 6:24 p.m.

Meeting Minutes Prepared by: Kay Schueffner, Community Development & Inspections