

CITY OF MILWAUKEE

# STRONG

## NEIGHBORHOODS PLAN

The Strong Neighborhoods Plan is the Mayor’s comprehensive approach to the issue of City-owned and vacant property, focused on four strategic goals:

- Prevent** tax foreclosure and reduce the City’s property inventory and costs
- Mitigate** blight caused by vacant property, City-owned and otherwise
- Revitalize** City-owned property and neighborhoods affected by foreclosure
- Renew** vacant spaces and neighborhoods

### BAROMETER

Implementation of the Plan continues, with renovation and rehab activities ramping up in the second quarter of 2014. Three tax foreclosure filings have been completed through June 30, and demolition and sales activity proceed apace. Below is a summary of key indicators of the City’s current foreclosure situation as of June 30.

	2012	2013	2014
<b>Bank Foreclosure Filings</b>	2,329	1,525	1,245
<b>Current Levy % Delinquent</b>	9.1%	8.6%	8.1%
<b>Pending Tax Foreclosure (Year)</b>	1,152	1,101	1,046
<b>YTD Filed/Acquired (%)</b>	795/505 (64%)	790/505 (64%)	495/348 (70%)
<b>City Sales</b>	98	108	170
<b>City Inventory</b>	688	908	1,185

### EXPENDITURES

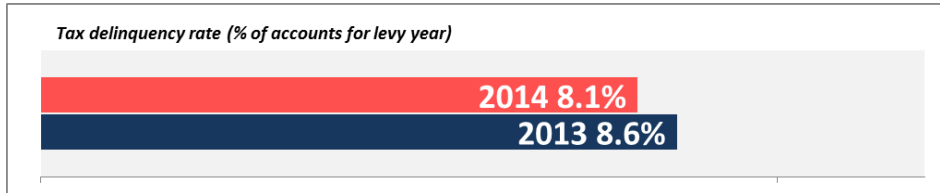
The Plan’s \$11.7 million in allocated funds for 2014 have been drawn down by \$4.7 million through June 30. Most expenses to date are for maintenance, staff, and demolition. Rehab and renovation programs have taken time to develop as well as time to execute, particularly on loan programs. The table below shows budget and expenditure by Plan goal.

	Adopted Budget	Spending YTD	% of Total
<b>Prevention</b>	\$540,349	\$95,616	18%
<b>Mitigation</b>	8,234,532	4,292,963	52%
<b>Revitalization</b>	2,680,574	274,268	10%
<b>Renewal</b>	278,933	75,855	27%
<b>TOTAL</b>	<b>\$11,734,388</b>	<b>\$4,738,702</b>	<b>40%</b>

### GOAL: Prevention

The **Treasurer’s Office** reports that for 2014 collections, delinquency is down by 6%, to 8.1% overall, or 878 fewer accounts in the tax foreclosure pipeline than last year. Bank foreclosure filings continue to decrease, which bodes well for future tax delinquency and tax foreclosure. The City’s foreclosure filings are flat from 2013, with 1,046 accounts eligible for 2014 tax foreclosure as of February 28, 2014.

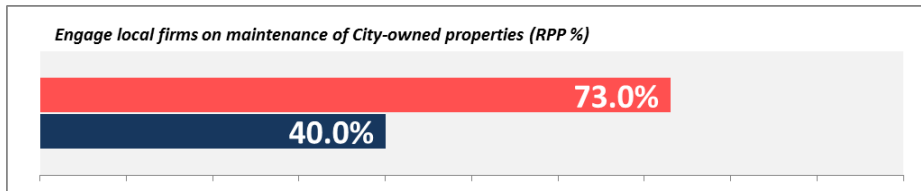
The City's acquisition rate (acquired properties / filed foreclosures) continues to be high, reflecting the impact of vacant and bank foreclosed property. For 2014 City tax foreclosures, of 495 filed, 348 have been acquired, a rate of 70%. This includes vacant lots. The Treasurer anticipates filing approximately 600 more foreclosures before the end of the year.



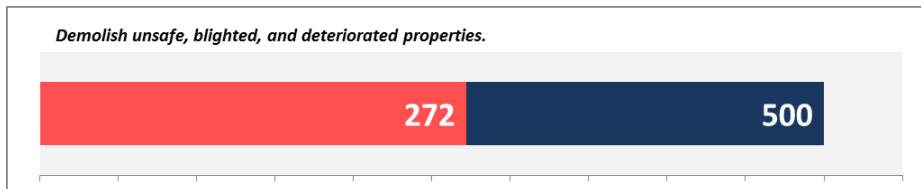
The **Department of Neighborhood Services (DNS)** implemented the Code Compliance Loan pilot after passage of CF 130940 in April 2014. The goal is to reach low-income owners with code violations and no source of financing to stabilize those aspects of their homes. Since March, 33 owners have been referred for loan eligibility, and 2 individuals have closed code loans.

**GOAL: Mitigation**

The **Department of Public Works (DPW)** has awarded 10 maintenance contracts for their first full year of land management (grass, snow, and dumping) for the City's full real estate inventory. RPP attainment for these contracts is 73% on a goal of 40%, and 40% of prime contractors are City certified SBEs, on a goal of 25%. The **Department of City Development (DCD)** reports similarly high city resident employment (82%) for their board-up contract in Q2 of 2014.

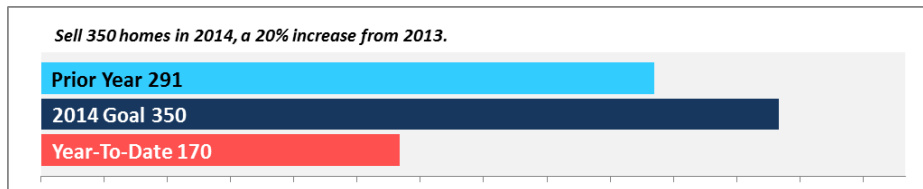


Demolition activity continues, with 272 properties demolished through June 30. The initial 200 demolished by DNS were funded in part with a grant from the State of Wisconsin, and remaining work will be fully City-funded. Average cost is \$15,686 per property, approximately on budget. The DPW demolition crew funded in the 2014 budget has demolished 40 homes through June 30. The crew is acclimating to the work quickly, reducing hours per demolition by 20% from the initial properties done in February. Marginal cost on those demolitions is below budget, at approximately \$14,000 through June 30, though the crew's capacity is still limited.



### **GOAL: Revitalization**

DCD staff, working with DNS inspectors, continues to move homes out of the inventory. Through June 30, 170 properties have been sold, and the **halfway mark of 175 sales was reached on July 11**. Developers approved in May 2014 for Low-Income Housing Tax Credit (LIHTC) financing through the WI Housing & Economic Development Agency (WHEDA) to rehab City-owned homes will account for an additional 60 closings by year-end. **The owner-occupancy rate for homes sold through June 30 is 57%.**



In addition to normal sales activity by DCD Real Estate staff, there are four initiatives driving sales of City property:

- 1) Brokerage:** The City has engaged 5 “REO” brokers specializing in foreclosed property sales to market City property. Brokers were assigned 96 total properties, 92% of which are in Districts 1, 6, 7, and 15, in line with the City’s overall inventory. Brokers have turned 67 sales through June 30, with 18 pending offers.
- 2) ACTS Housing:** The ACTS partnership is designed to increase their capacity to take on City-owned homes. ACTS has committed to 34 sales in 2014, with 14 sold to date.
- 3) Rent to Own:** 51 “inherited” City tenants have begun the process of purchasing the home they rent, with 17 of those credit qualified and with an accepted offer on their home. Four tenants have entered the rehab phase as of June 30.
- 4) Rental Rehab:** For investor owners purchasing City-owned property, rental rehab funds are available. To date, 12 investors have applied, with 5 entering the rehab process as of June 30.

Properties sold in 2012 and 2013 will add over **\$20 million** in taxable value to the City for the 2015 budget. Sales to date for 2014 account for **\$6.9 million in additional value** returned to the tax rolls for 2015.

### **GOAL: Renewal**

Activities supporting the Renewal goal are aimed at adding value to neighborhoods beyond housing and blight elimination. This includes re-use of vacant space and efforts to connect the City’s work on City-owned property to training and employment opportunities for City residents.

Funding of \$200,000 has been allocated to support Home Gr/OWN projects on 28 City lots (\$50,000) and “on demand” beautification on at least 50 neighbor-selected City lots throughout the City (\$150,000). City staff is doing outreach now for an installation season running from August through October, and will be targeting City lots in all Aldermanic Districts.

*Sell or establish re-uses on 100 City-owned lots in 2014*



The DPW Dombrowski Urban Forestry Fellowship graduated 25 workers on May 30 with certifications in landscape management and urban forestry skills. Fifteen remain as City laborers through November, and 5 have been successfully placed with private landscaping firms.

DNS is negotiating contracts for salvage, to be followed by a contract for hybrid deconstruction contracts. These contracts are part of an innovative approach to use City-owned homes as not only a source of recycled building materials, but to grow the city's capacity for deconstruction and salvage, including eventual business expansion.