



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 third quarter of 2014. Three of five tax foreclosure filings have been completed through September 30, with the final filing being acquired in early 2015. Below is a summary of key indicators of the City’s current foreclosure situation as of September 30. *The Administration is excited to report that the 350th City-owned home sale was closed on October 31.*

	2012	2013	2014
Bank Foreclosure Filings	3,400	2,139	1,829
Current Levy % Delinquent	9.2%	8.6%	8.2%
Pending Tax Foreclosure (Year)	1,152	1,101	1,046
YTD Filed/Acquired (%)	1,051/662 (63%)	790/506 (64%)	856/586 (69%)
City Property Sales	139	167	321
City Inventory	817	1,034	1,124

EXPENDITURES

The Plan’s \$11.7 million in allocated funds for 2014 have been drawn down by \$5.8 million through September 30. Since the Q2 report, significant progress has been made in obligating and spending down funds for the Rent-To-Own/T3OP program, Homebuyer Assistance Loans, and Rental Rehab loans. **Revitalization spending has gone from 10% in Q2 to 50% in Q3 as a result.** The table below shows budget and expenditure/obligation by Plan goal.

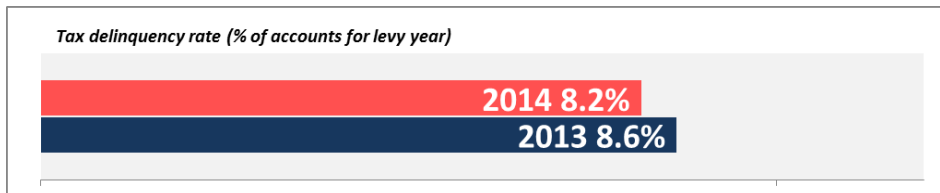
	Adopted Budget	YTD Spending Q3	% of Total
Prevention	\$425,464	\$271,164	64%
Mitigation	8,462,749	4,085,598	48%
Revitalization	2,567,242	1,281,092	50%
Renewal	278,933	196,350	70%
TOTAL	\$11,734,388	\$5,834,204	50%

GOAL: Prevention

The **Treasurer’s Office** reports that for 2014 collections, delinquency is down by 5%, to 8.2% overall, or 710 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.

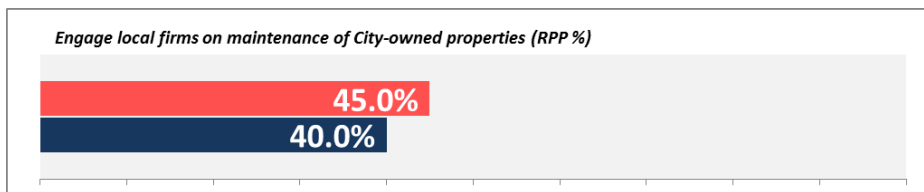
The City's acquisition rate (acquired properties / filed foreclosures) continues to be high, reflecting the impact of vacant and bank foreclosed property. For 2014 City tax foreclosures, of 856 filed, 586 have been acquired, a rate of 69%. This includes vacant lots. The final filing of 241 properties will not be acquired until January 2015.



The **Department of Neighborhood Services (DNS)** implemented the Code Compliance Loan pilot after passage of CF 130940 in April 2014. Since March, 33 owners have been referred for loan eligibility, and 4 individuals have closed code loans. Given the size of the average loan and scope of work, those 4 individuals have obligated the majority of Code Loan funds authorized for 2014 (\$65,000). The Department anticipates meeting more demand via the 2015 budget allocation of \$500,000.

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 45% on a goal of 40%. The **Department of City Development (DCD)** reports high city resident employment (82%) for their board-up contract through Q3 of 2014.

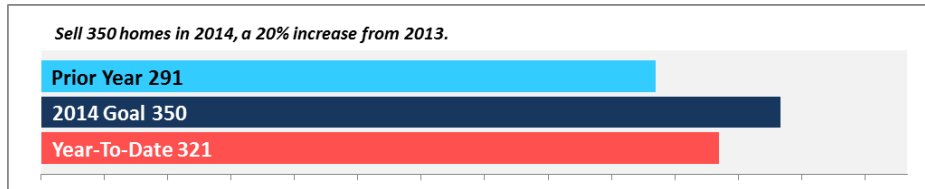


Demolition activity continues, with 387 properties demolished through September 30. Average cost is \$13,390 per property, slightly below budget. The DPW demolition crew funded in the 2014 budget has demolished 65 homes through September 30. Marginal cost on those demolitions is below budget, at approximately \$13,600, thanks largely in part to savings on clean fill and below budget landfill costs for debris.



GOAL: Revitalization

DCD staff, working with DNS inspectors, continues to move homes out of the City’s inventory. Through September 30, 321 properties have been sold. **The owner-occupancy rate for homes sold through September 30 is 51%**, due to a large number of LIHTC closings in September, which do not count as owner-occupied.



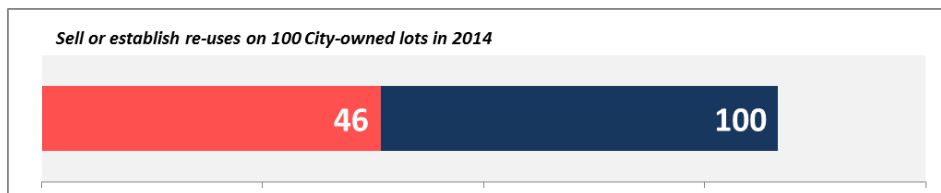
In addition to normal sales activity by DCD Real Estate staff, there are four initiatives driving sales of City property:

- 1) **Brokerage:** The City has engaged 5 “REO” brokers specializing in foreclosed property sales to market City property. The brokerage initiative will be expanded at request of the department under CCFN 140569, to 10 realtors and an unlimited number of properties.
- 2) **ACTS Housing:** The ACTS partnership is designed to increase their capacity to take on City-owned homes, with an average City contribution of just \$4,000. ACTS has committed to 34 sales in 2014, with 23 sold through Q3.
- 3) **Rent to Own:** 51 “inherited” City tenants have begun the process of purchasing the home they rent. Seven tenants have entered the rehab phase as of September 30. The goal of 15 tenant sales in 2014 is well in hand.
- 4) **Rental Rehab:** For investor owners purchasing City-owned property, rental rehab funds are available. To date, 17 investors have applied, with 6 entering the rehab process as of September 30 and another 10 with accepted offers in process.

Properties sold in 2012 and 2013 will add over **\$20 million** in taxable value to the City for the 2015 budget. Sales through Q3 2014 account for **\$13.5 million in currently tax exempt value** which will return to the tax rolls for 2015’s valuation and the 2016 budget.

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.



A total of 46 lots have been improved for re-use as of September 30. Lot improvements have been done via HOME Gr/OWN, and by resident and Aldermanic requests. The top 10 City lots for illegal



dumping were targeted for improvement this fall as a test of “greening” as blight prevention. The Housing Outreach Director continues to receive requests for lot improvements through community organizations and Council members, and lot improvements will be delivered until weather becomes prohibitive.

As announced in the Mayor’s 2015 Proposed budget, the Administration’s Compete MKE transitional jobs initiative includes City property maintenance and management. Up to 13 transitional employees will work with DCD and DNS to increase the frequency of inspections on City-owned property.