

Reply to Common Council File No. 130300  
From DOA-Budget and Management Division

June 25, 2013

Ref: CF130300  
SF 13007

Common Council File No. 130300 is a resolution transferring \$639,600 in appropriations from the Common Council Contingent Fund to various accounts to support maintenance and disposition of City-owned properties. Funds will be used immediately by DCD and DPW to address a backlog of maintenance issues and support staffing for a lease-to-own initiative, as well as rental rehab loan activity.

DPW is allocated \$525,000 for mowing and snow removal, and the remaining \$114,600 will fund DCD staff and other costs to support lease-to-own and rehab financing activities. DCD will staff the lease-to-own and rehab initiatives with position authority formerly used for NSP-funded positions, and add one additional Program Assistant II through a separate Council File.

The City's current inventory of properties is approximately 950, with nearly 1,000 slated for acquisition in 2013. Residential properties are 84% (796) of the current inventory, and 26% (211) of those properties are tenant-occupied as of May, 2013. Due to the fact that tax foreclosures require three years to complete, acquisitions will continue at relatively high levels through 2015 as delayed effects of the recent recession make their way through the tax collection and foreclosure process. Tax foreclosed properties have often been vacant for extended periods, resulting in the City acquiring property that has rehab costs up to and over 100% of assessed value.

In November of 2012, \$400,000 in Contingent Fund appropriations were transferred to DCD's Land Management account (CF #121022) to cover shortages in available funding for mowing, snow removal, and other costs for City-owned properties. The Budget Office anticipated a similar use of Contingent Funds for this year.

The 2013 budget included \$2.95 million for *in rem* management, including new funding for:

- 1 new Program Assistant II position in DCD
- \$150,000 for the DCD *In Rem* capital project account
- \$22,500 in additional funds for DPW's Vacant Lot maintenance account

These increases were offset by the loss of \$300,000 in non-continuing NSP grant funds.

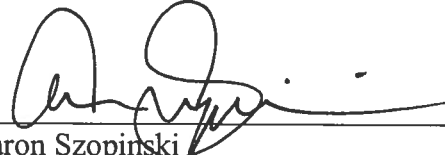
Funds appropriated via this file complement CDBG/HOME reallocations totaling \$1,174,500 for:

- implementation of a lease-to-own program for qualified tenants (\$300,000)
- demolition of blighted and unsafe properties (\$400,000)
- incentives for buyers to rehab City-owned properties (\$474,500)

The 2014 Mayor's Proposed budget now in development will include continuation of this level of effort as well as additional funding for property demolition, vacant lot sales, and other prevention and mitigation efforts aimed at curbing the impact of tax foreclosures on City neighborhoods.

The Contingent Fund has adequate funding available to accommodate this request. To date, the entire \$5 million Contingent Fund appropriation is available for transfer.

**RECOMMENDATION: ADOPT FILE NUMBER 130300.**



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