

2017



Legislative Reference Bureau

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DEPT OF CITY DEVELOPMENT



2017 Proposed Plan and Executive Budget Review

Prepared by: Jeff Osterman, Legislative Research Supervisor
Budget Hearing: 9:30 am on Friday, October 14, 2016
Last Updated: October 11, 2016

Final Version



\$5,017,952

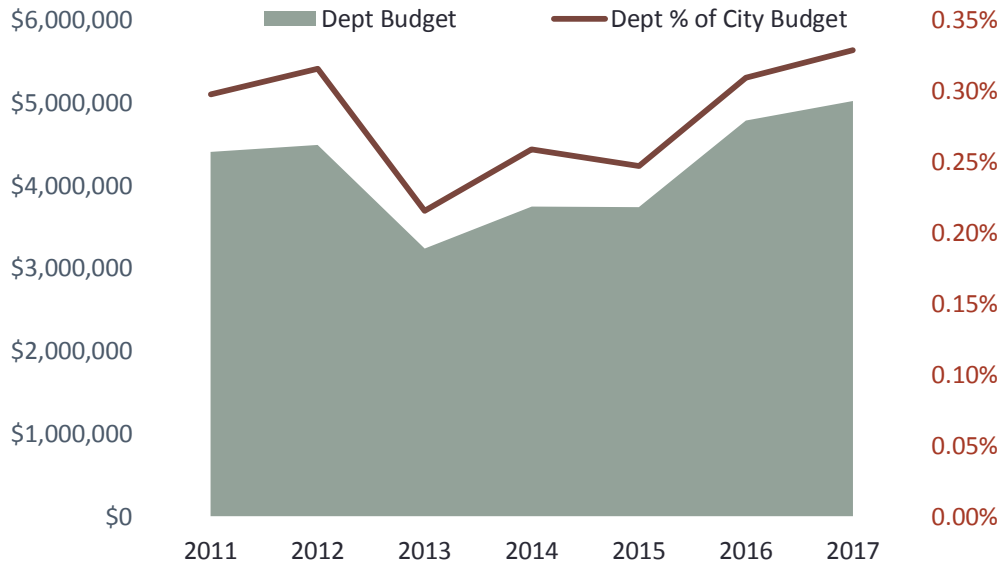
Proposed 2017 Budget

\$236,462

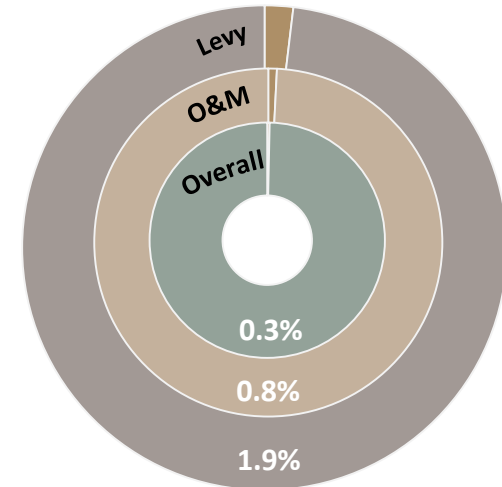
Change in Proposed Budget

4.9%

% Change in Proposed Budget



Departmental Budget Impact

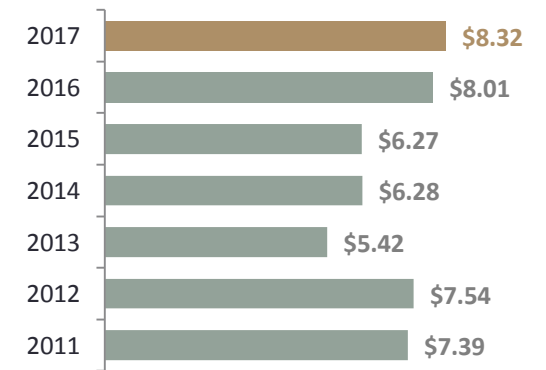


Departmental Budget Appropriation Category



	Salaries/Wages	Fringe Benefits	Operations	Equipment	Special Funds
\$	\$3,213,105	\$1,445,897	\$148,950	\$0	\$210,000
%	64%	29%	3%	0%	4%
Δ	11.2%	4.3%	-42.0%	0.0%	-16.0%

Budget per Capita



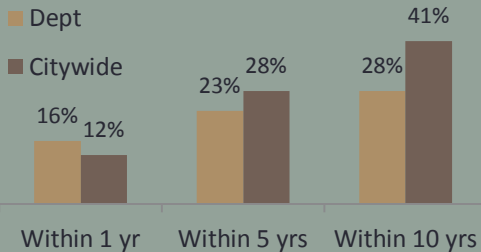
\$2,250,000

Total DCD capital funding to manage, maintain, repair and sell improved *in rem* properties. The figure for 2016 was \$2,030,000.

\$1,167,000

Capital funding for Strong Homes Loan program, \$333,000 less than 2016 Budget; will provide an estimated 60-75 loans.

Retirement Eligible



-12

Change in Positions

-9.0%

% Change in Positions

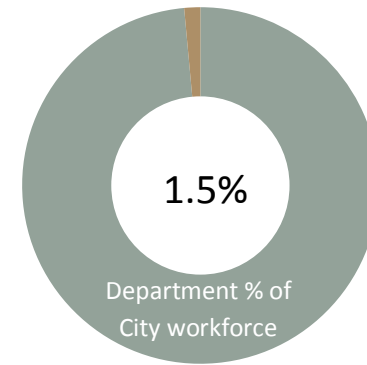
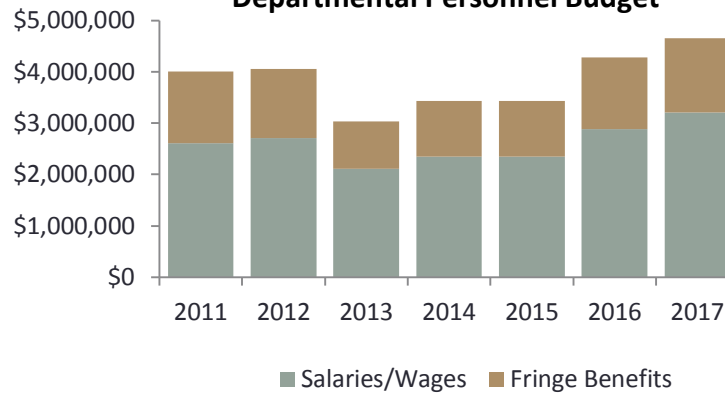
4

Current Vacancies

5

Voluntary Separations

Departmental Personnel Budget

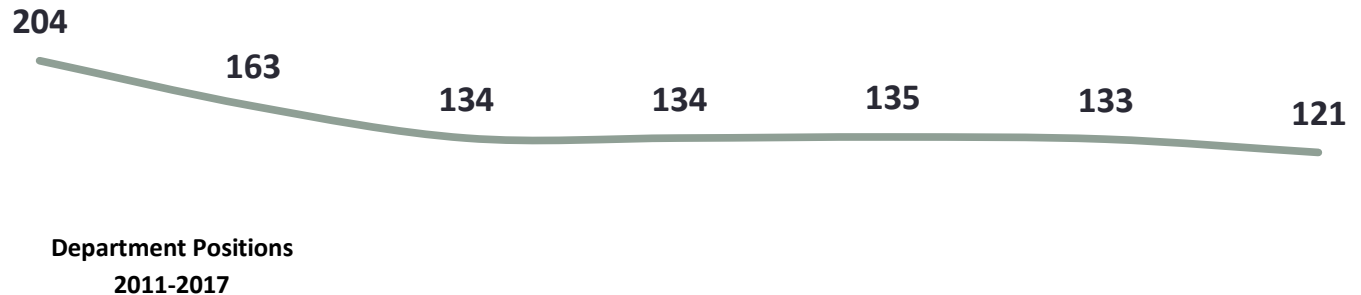


Staffing Update – New Position Created

The 2017 Proposed Budget includes the new position of Business & Development Liaison (salary: \$58,462). According to DCD, this position will assist Common Council members in addressing needs relating to business and commercial activity in their districts.

Staffing Update – 13 Positions Eliminated

- One Administrative Assistant. Position was new for the 2016 Budget and was never filled.
- 12 vacant “City” Housing Authority positions will be eliminated for 2017. This is part of the ongoing conversion of positions in DCD’s Public Housing Decision Unit to “direct” HACM employees.



530

Number of *in rem* properties sold in 2015, up from 437 in 2014. Total sales proceeds for 2015 were \$5.04 million.

6

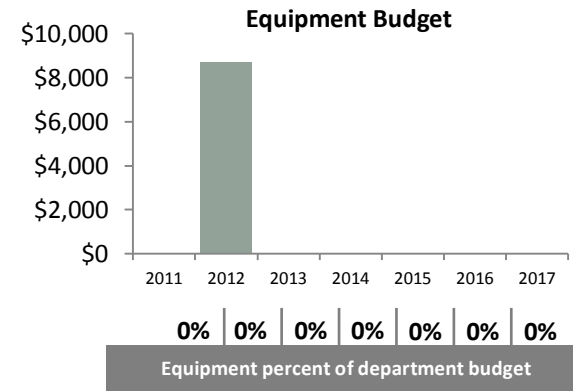
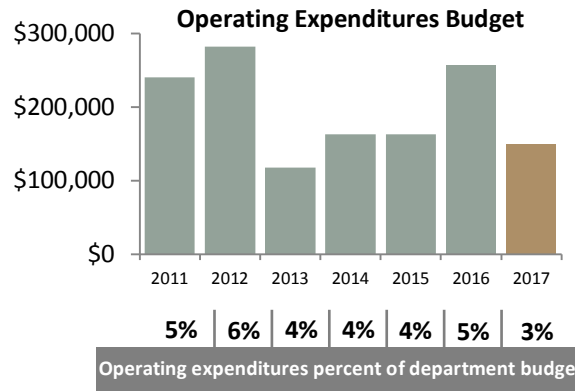
Projects funded by Commercial *In Rem* Program loans totaling \$387,220 so far in 2016. Funds are used to purchase and renovate foreclosed commercial properties.

3,016

Youths placed in City, private-sector and non-profit internships in 2015 by the Earn & Learn Program, administered by DCD and Employ Milwaukee.

\$1,148,571

Total value of the 87 Strong Homes Loan Program loans closed in 2015. Through September 21, there have been 56 loans settled or closed in 2016 totaling \$761,578.



Revenues

- Projected to be \$79,500.
- Down \$28,500 (-26.4%) from 2016 Budget.
- Decrease attributable to anticipated \$40,000 reduction in proceeds from DCD real estate sales (non-*in rem*).

Special Purpose Accounts

- Land Management SPA (\$676,000; down \$50,000).
- Milwaukee Arts Board Projects SPA (\$200,000; no change).
- Milwaukee Fourth of July Commission SPA (\$125,000; up \$15,000 to comply with DNS fencing and security requirements for fireworks launching sites).

Grants

- Will fund \$779,937 in DCD salary costs in 2017.
- CDBG and HOME program funding.
- 21 positions wholly or partly grant-funded.
- Down from \$1.05 million in 2016.
- Decrease stems from end of Neighborhood Stabilization Program (NSP) funding.

Capital Projects

- 10 projects totaling \$53.2 million.
- Down \$8.6 million from 2016 (-13.9%).
- Funding decrease attributable to reduced borrowing for potential new tax incremental districts.
- \$2.25 million in 3 capital accounts to manage, maintain, repair and sell improved *in rem* properties.

80

Number of micro loans, totaling \$450,000, disbursed to businesses through KIVA Zip Milwaukee, a crowd-funding platform supported by \$25,000 in DCD’s 2015 Budget.

\$100,000

Appropriation for the Healthy Neighborhoods special fund, the same level of funding as provided in the 2016 Adopted Budget.

2

Collaborations with non-profits for bulk purchase and rehab of foreclosed homes in Harambee and 30th St. Corridor areas funded by Challenge Fund grants.

Over 1,200

Number of improved *in rem* properties maintained by DCD with funding from the Land Management SPA (\$676,000 for 2017) and rental income.

Strong Neighborhoods Plan

Of the \$13.9 million in the 2017 Proposed Budget for the Strong Neighborhoods Plan, nearly \$6.1 million is appropriated to DCD:

- \$4.52 million in 5 capital accounts:
 - *In Rem* Property Program (Challenge Grant, Lease-to-Own, Homebuyers Assistance, etc.)
 - Strong Homes Loan Program
 - Housing Infrastructure Preservation Fund
 - Commercial *In Rem* Property Program
 - Commercial Investment Program
- \$900,000 State of Wisconsin home rehabilitation funding
- \$676,000 Land Management SPA
- \$37,425 in salaries (for accelerated *in rem* filings)

Other Operating Services Line Item

Funding for Other Operating Services is decreased from \$116,000 to \$8,000 (-93.1%). In 2016, funding from this account was used for Compete Milwaukee job placements in DCD. Funding for these placements is not included in the 2017 Proposed Budget. The lower funding level (\$8,000) is in line with actual expenditures from this account in prior years.

Capital Improvements (Major Changes)

- \$40 million in new borrowing is provided for potential new TIDs, down from \$49 million in 2016 Budget.
- Funding for Commercial Investment Program is more than doubled, from \$500,000 to \$1.1 million (funds façade improvements and white-box grants).
- \$400,000 is appropriated for new Century City Site Improvements capital account (will fund maintenance of Century City site and structures).
- Funding for the *In Rem* Property Maintenance Program is increased by \$220,000 (16.5%), to \$1.55 million.
- Strong Homes Loan Program funding is reduced by \$333,000 (-22.2%) to \$1.167 million.
- No additional funding is provided for the Art & Resource Buildings and Vacant Lot Loan Program capital projects.

“BIDs” and “TIDs”

DCD is responsible for administrative oversight of the City’s 31 active business improvements districts (“BIDs”; last 2 districts created in 2013) and 50 active tax incremental districts (“TIDs”; 4 new districts created in 2015).

In Rem Property Management

One of the primary functions of DCD is to manage the City’s large and growing inventory of properties acquired through the *in rem* foreclosure process. The following table shows how the number of *in rem* properties acquired by the City and managed by DCD has been steadily increasing over the past several years:

Year	Number of Properties Added	Year	Number of Properties Added
2006	95	2012	775
2007	78	2013	657
2008	134	2014	587
2009	314	2015	764
2010	488	2016 YTD	582
2011	360		

Healthy Neighborhoods Initiative

Officially-Designated Neighborhoods	Examples of Projects Funded by HNI in 2016
Capitol Heights Harambee/Riverwest Havenwoods KK River Neighborhoods Layton Blvd. West Neighbors Lincoln Village/Baran Park/ Polonia Sherman Park Thurston Woods/Old North Milwaukee	Clarke Square Health Mural Layton Blvd. Address Plaques Riverworks Food Court and Public Art Habitat Restoration – Pulaski Park Most Improved Home Contests Cream City Farms Water Pump MLK Peace Park Plantings

Funding Sources – DCD Positions

Positions in DCD are funded by a variety of sources, including the City tax levy, grants (CDBG/HOME), capital and RACM reimbursement. The funding sources for funded, non-Housing Authority, non-intern DCD positions in 2015-2017 are:

Funding Source	2015	2016	2017	
Sole-Source Funding	City tax levy	37	40	43
	CDBG/HOME	14	6	6
	Capital	2	1	1
	RACM	1	4	2
Combination Funding	13	15	20	
Total	64	69	72	

Of the 20 “combination” positions for 2017, 11 will be funded through a combination of tax-levy and CDBG funds, 3 a combination of tax-levy and capital funds, 2 City and RACM, 2 tax-levy, capital and CDBG, one CDBG and capital, and one tax-levy, CDBG and RACM.

Housing Infrastructure Preservation Fund

	2015 Total	2016 YTD
Properties assisted	6	6
Properties sold	8	1
Total expenditures	\$648,461	\$438,254
Total sale proceeds	\$86,850	\$17,201