

## LRB – RESEARCH AND ANALYSIS SECTION ANALYSIS

**JANUARY 3, 2007 AGENDA  
PUBLIC WORKS COMMITTEE**

**ITEM 28, FILE 061160  
Emma J. Stamps**

File No. 061160 is a resolution to expand the boundary for the Metcalfe Park Lease-to-Own Program from North 27th Street to North 39th Street between West Vine and West Center Streets and to declare the City-owned vacant lots in this area surplus to municipal needs and authorize conveyance to Gorman Company, in the 15th Aldermanic District.

### **Background**

1. On November 14, 2007, Common Council adopted Resolution File No. 060893, creating a \$1,622,500 Metcalf Park Neighborhood Tax Incremental District (TID No. 66) bounded by W. Meinecke Avenue, W. Center Street, N. 27th Street and N. 39th Street and, authorized its Project Plan and Development Agreement with Metcalf Park Homeowners Initiative, LLC, and Cooperation Agreement with RACM to provide:
  - \$900,000 financial assistance for the development of 30 new homes in the Metcalfe Park neighborhood under a “lease to own” program sponsored by the Milwaukee Urban League (MUL) and Gorman & Company
  - \$500,000 forgivable loan pool for exterior home improvements for property owners
  - Capitalized interest on borrowing
2. Gorman & Company both develops the “rent to own” housing and rents them out at \$742 monthly (average) with a 15 year out option to purchase for \$99,000 (average).
3. MUL monitors and trains tenants to become homeowners.

### **Discussion**

1. The DCD recommends expanding the project boundary beyond the original 30 units (Phase I), which should begin construction shortly, by 27 units (Phase II) up to 57 total units.
2. The City owns about 27 buildable vacant lots in the expanded area that the developers plan to assemble, divide, and build upon 24 2-4 bedroom single-family units as Phase II of the Metcalfe Park Lease-to-Own Homes development.
3. Phase II costs are estimated at \$4.5 million to be partially funded by WHEDA tax credits.
4. Adopting File 061160 declares the properties (not individually listed in the text of the resolution) surplus to municipal needs, authorizes their sale to Gorman & Company (TID No. 66 developer) for \$1 each to expand the rent-to-own housing project area.
5. A 2-year option period may be granted based on WHEDA tax credit applications.

### **Fiscal Impact**

The fiscal note indicates a deposit to the Reserve for Tax Deficit Fund – is contingent upon the net sale proceeds, \$1 per lot, less an undetermined amount in sales expenses and less a 25% RACM administrative charge, but TID No. 66 should receive any proceeds.

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