

2020



Legislative Reference Bureau

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# DEPT. OF CITY DEVELOPMENT



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## 2020 Proposed Plan and Executive Budget Review

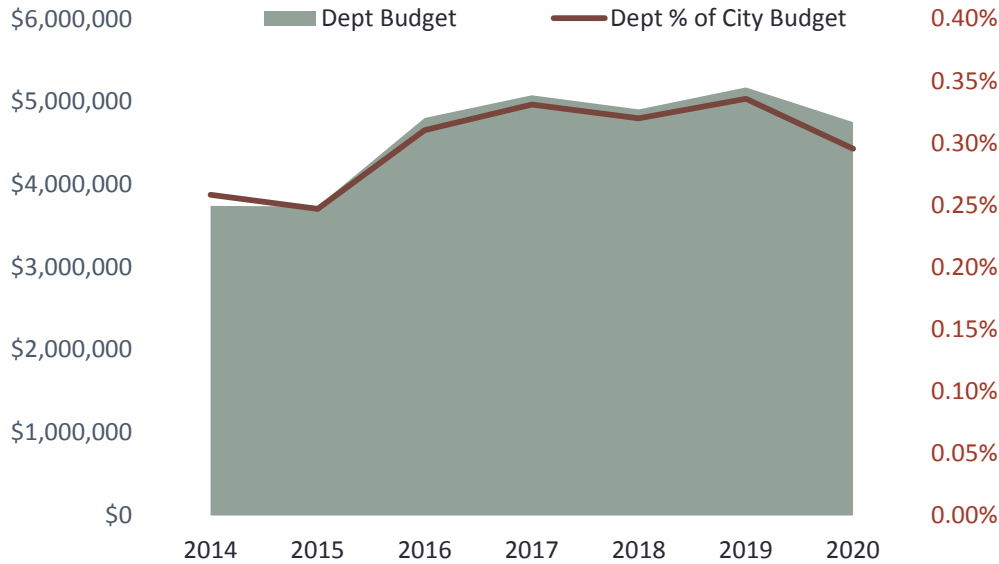
Prepared by: Jeff Osterman, Legislative Fiscal Analyst  
Budget Hearing: 1:30 pm on Tuesday, October 15, 2019



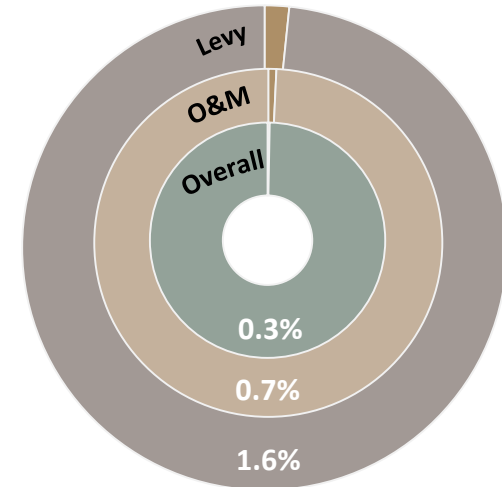
**\$4,754,429**  
Proposed 2020 Budget

**-\$419,072**  
Change in Proposed Budget

**-8.1%**  
% Change in Proposed Budget



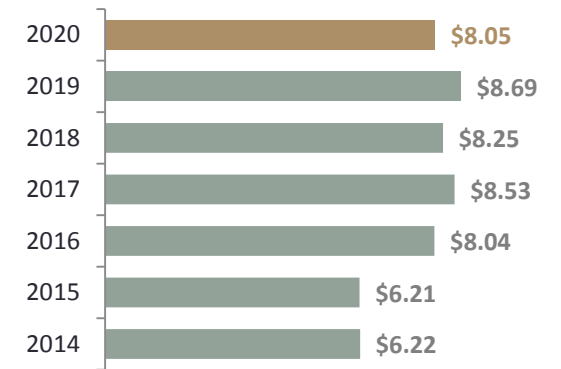
Departmental Budget Impact



Departmental Budget Appropriation Category



Budget per Capita



	Salaries/Wages	Fringe Benefits	Operations	Equipment	Special Funds
\$	\$3,207,092	\$1,282,837	\$154,500	\$0	\$110,000
%	67%	27%	3%	0%	2%
Δ	-2.5%	-13.3%	6.8%	0.0%	-57.7%

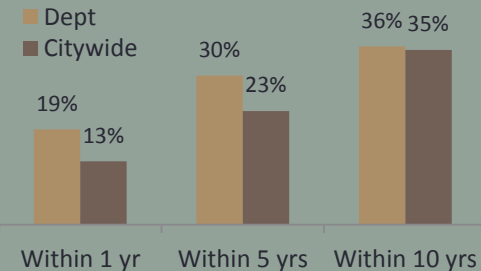
369

Number of improved, *in rem* properties sold by DCD in 2018, compared to 429 in 2017. Net sale proceeds deposited in the City Tax Deed account were \$2,212,202.

\$1,000,000

2020 capital funding (from TID cash revenues) for the 10,000 Homes Initiative, down from \$1,370,000 in the 2019 Budget.

**Retirement Eligible**



-4

Change in Positions

5

Current Vacancies

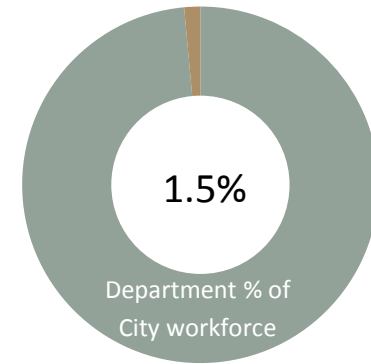
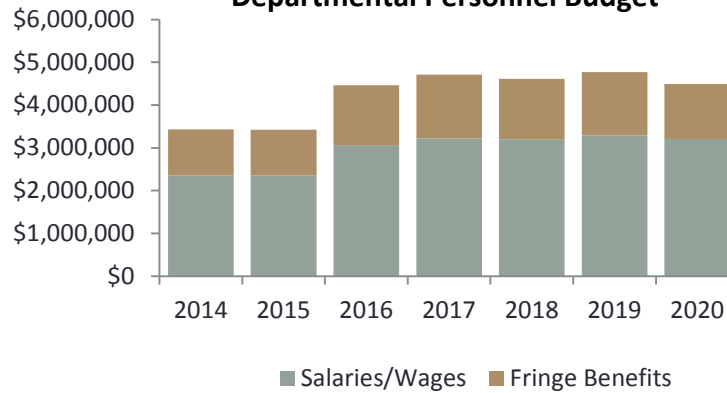
-3.2%

% Change in Positions

10

Voluntary Separations

**Departmental Personnel Budget**



**Staffing Update: Current Vacancies**

- Program Assistant II (recruitment posting closed Oct. 2)
- Office Assistant II (managers reviewing candidate list provided by DER)
- Administrative Assistant II (not filling)
- Personnel Payroll Assistant III (not filling)
- Development Projects Coordinator (not filling)

**Staffing Update: Staffing Changes**

- 4 positions eliminated under 2020 Proposed Budget: Administrative Assistant II (Planning section); Personnel Payroll Assistant II (Fin. & Admin. Section); Development Projects Coordinator (Real Estate & Dev. Section); Graduate Intern (Commercial Corridor section).
- All 4 positions currently vacant.



Department Positions  
2014-2020

99

Number of grants (primarily façade, signage and white box grants) DCD awarded to local businesses in 2018 using funds from the Commercial Investment Program capital account. Total funds awarded: \$1.32 million.

\$1 million

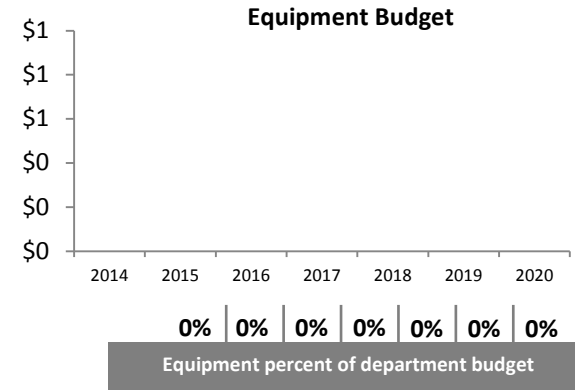
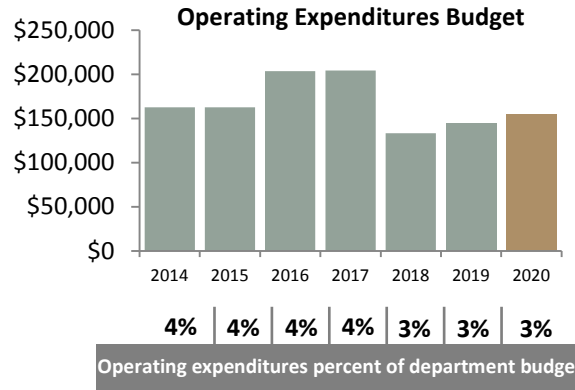
Capital funding for Commercial Investment Program, up from \$500,000 appropriated in 2019 Budget.

5

New tax incremental districts created in 2019, including The Avenue (TID #97) and The Ikon (TID #98).

21

Number of residential lots sold by DCD for home and apartment construction so far in 2019, compared to 27 lots in all of 2018.



**Revenue**

- Projected to be \$1,055,000 in 2020.
- Up \$163,000 (18.3%) from 2019 Budget.
- Increase primarily attributed to projected \$98,000 rise in Charges for Services (due to new administrative fee charged to RACM) and \$90,000 jump in Taxes and PILOTs (better reflects actual 2018 PILOT from HACM).

**Special Purpose Accounts**

- Land Management SPA \$676,000
  - Milw. Arts Board Projects SPA \$250,000
  - Milw. 4<sup>th</sup> of July Comm. SPA \$125,000
- All funding levels are unchanged from 2019.

**Grants**

- Will fund \$580,876 in DCD salary costs in 2020, down 1.1% from 2019.
- CDBG and HOME program funding.
- 23 positions wholly or partially grant-funded.
- Grant-funded positions are found in all DCD sections except Commissioner’s Office and Planning.

**Capital Projects**

- 8 projects totaling \$55.8 million.
- Down \$215,000 (-0.4%) from 2019.
- Funding for tax increment financing projects increased by \$1.2 million (2.4%).
- No new capital projects for 2020.
- No funding for COP Houses, Duplex Live-Work Rehab or Bronzeville In Rem Rehab initiatives for 2020 (all were new capital projects in 2019).

8

Number of Housing Infrastructure Preservation Fund-assisted properties sold in 2018. To date in 2019, 4 properties have been sold.

**\$872,000**

Total value of the 57 Strong Homes Loans approved in 2018 to assist homeowners with emergency and critical repairs.

**Over 900**

Improved in rem properties maintained by DCD with funding from the Land Management SPA (\$676,000 budgeted for 2020) and rental income.

**\$50,000**

Amount provided in the Proposed Budget for the Healthy Neighborhoods initiative. No funding was appropriated in the 2019 Budget.

**Special Funds**

- Total 2020 funding of \$110,000, compared to \$260,000 in 2019 adopted Budget.
- No 2020 funding for the Healthy Food Establishment Fund, a new initiative that received \$200,000 in the 2019 Budget.
- Proposed Budget provides \$50,000 in new funding for the Healthy Neighborhoods Initiative, since funds appropriated in 2018 and prior years have been depleted.
- No change in funding levels for the Economic Development Marketing (\$40,000) and Milwaukee 7 Contribution (\$20,000) special funds.

**Rent-to-Own Program**

DCD administers a Rent-to-Own Program under which a qualifying tenant of a City-owned *in rem* foreclosure property is given an opportunity to purchase the property upon completion of homeownership and financial-management education.

Funding for rehabilitation of properties in this program comes from the *In Rem* Property Maintenance Program capital account. From the Rent-to-Own Program’s inception through the end of 2018, 64 tenants purchased their homes from the City.

**Capital Improvements (Major Changes)**

- Proposed Budget provides \$8.0 million to pay the increments on current developer-financed TIDs, up from \$6.5 million in the 2019 Budget.
- \$1 million is budgeted for the Commercial Investment Program, which supports grant programs for the city’s commercial corridors, double the amount in the 2019 Budget.
- Funding for the Strong Homes Loan Program is reduced from \$1.4 million to \$1 million, in line with the declining number and total value of loans made.
- The 2020 Proposed Budget provides \$1 million for the 10,000 Homes Initiative, \$370,000 less than the 2019 Budget.
- Funding for the Brownfield Program is reduced from \$500,000 to \$250,000. Actual 2018 expenditures were \$533,638.

**“BIDs,” “NIDs” and “TIDs”**

DCD is responsible for administrative oversight of the City’s 30 active business improvement districts (“BIDs”; last district created in 2016), 8 active neighborhood improvement districts (“NIDs”; one new district created in 2019) and 57 active tax incremental districts (“TIDs”; 5 created in 2019).

**In Rem Property Management**

One of the primary functions of DCD is to manage the City’s substantial inventory of properties acquired through the *in rem* foreclosure process. The following table shows trends in the number of *in rem* properties acquired by the City over the past 12 years:

Year	Number of Properties Added	Year	Number of Properties Added
2008	134	2014	587
2009	314	2015	764
2010	488	2016	661
2011	360	2017	523
2012	775	2018	134
2013	657	2019 YTD	542

**Healthy Neighborhoods Initiative**

Officially-Designated Neighborhoods	2018 Community Improvement Projects
Burnham Park Capitol Heights Harambee Havenwoods Kinnickinnic River neighborhoods Layton Park Old North Milwaukee Riverwest Sherman Park Silver City Thurston Woods	<ul style="list-style-type: none"> <li>• 23 projects citywide</li> <li>• Total grant value: \$108,229; leverages an additional \$161,130</li> <li>• Examples of projects:                             <ul style="list-style-type: none"> <li>- Rain gardens</li> <li>- Gateway signage</li> <li>- Safety lighting</li> <li>- Community art</li> <li>- Community gardens</li> </ul> </li> </ul>

**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 2018-2020 are:

Funding Source		2018	2019	2020
<b>Sole-Source Funding</b>	City tax levy	37	37	34
	CDBG/HOME	2	1	1
	Capital	1	1	1
	RACM	11	8	7
<b>Combination Funding</b>		29	35	35
<b>Total</b>		80	82	78

Of the 35 “combination” positions for 2020, the most common funding arrangements are: CDBG and tax levy - 16 positions; RACM and tax levy - 7 positions; capital and tax levy – 5 positions; CDBG, capital and tax levy – 3 positions.

**Housing Infrastructure Preservation Fund**

	2018 Total	2019 YTD
<b>Properties assisted</b>	3	7
<b>Properties sold</b>	9	4
<b>Total expenditures</b>	\$41,835	\$133,200
<b>Total sale proceeds</b>	\$131,741	\$21,850