

Memorandum

To: Joint Committee on Redevelopment of Abandoned and Foreclosed Homes

From: Amy E. Turim

Date: February 28, 2020

Subject: Rehab-to-Rent Program update

Program Summary:

Idea suggested at Strong Neighborhoods budget hearing: 2014 budget
\$1,000,000 Capital budget amendment (Sponsors Coggs and Stamper): 2015 budget
Request for Proposals: issued August 2015 – due October 2015
Common Council Committee Hearing to authorize expenditure of funds: December 2015
Contract fully executed: June 2016
Renovation work started: July 2016
First lease start: November 2016
Last lease start: February 2018

Expenses: Renovation and pre-renovation expenditures as of December 2019: \$426,000
Average cost per completed home: \$82,200

Account balance: \$574,000 including repair contingency funds

Income: Deposit to the General Fund Program to Date: \$45,000

Common Council File 191449

Sponsors: Coggs, Stamper, Rainey, Hamilton

Adopted: January 21, 2020

Purpose: Allocate unspent program capital funds to the second round of Milwaukee Employment/Renovation Initiative

Goals:

Leverage private ownership and redevelopment in a greater number of units than permitted by the Rehab-to-Rent model (average capital cost per property: \$82,200 RTR vs. \$25,000 ME/RI 2.0)

Return distressed properties to the tax rolls

Provide work opportunities for unemployed and underemployed individuals and SBE firms

Leverage additional funding sources to enhance revitalization (ex: ME/RI first round leveraged \$6.9M)

Home Renovation

Completed homes: 5 single family homes

- 1116 West Keefe Avenue (District 6)
- 3342 North 12th Street (District 6)
- 3336 North 17th Street (District 6)
- 2744 North 24th Street (District 15)
- 2309 West Cherry Street (District 15)

Workforce Measures (as of January 5, 2018)	Required per contract	Reported
SBE Participation	40%	64%
RPP Hours	40%	51%

Total Funds Paid to SBE Contractors \$280,000 (rounded)

Property Management

Rented properties to date: 5 single family homes (100% of completed homes are leased and occupied)

Average monthly rent per home: \$760

Gross rent per month: \$3,775

Major Repair – Replace sewer lateral at 2309 West Cherry Street

Gross Income (2019) \$45,800 (rounded)

Operating expenses (2019): \$18,600