

Flow of rent and sales funds from City of Milwaukee in rem properties

RENT COLLECTION & EXPENDITURE OF FUNDS

In early 2007, DCD and the Comptroller agreed to have RACM collect rent revenues from the occupied City in rem properties and expend those revenues to offset the maintenance, repair, and other associated costs associated with all in rem properties. RACM invoices, collects, accounts for, and deposits the rent revenue into a separate bank account. We refer to this account as RMR001.

The City budget contains a Land Management Special Purpose Account (S209) that is used for maintenance, repair and other associated costs associated with all in rem properties. The allocation to that account in 2017 is \$676,000. Because of the high volume of tax-foreclosed properties in inventory, the S209 allocation is generally spent by mid-year. When the allocation in S209 is exhausted, funds are taken from the RMR001 account to pay these expenses.

For 2016, RACM collected \$945,076.11 in rent and had \$825,079.66 in corresponding expenditures, leaving a balance of \$119,996.45 in the RMR001 account.

Major Categories of 2016 In Rem Rent (RMR001) Expenditures

Water & Sewer charges	\$231,000
City Attorney/HACM	\$34,000
Plumbing, Electrical, HVAC, Bldg. repairs, Condo fees, Cleanouts, Locksmith	\$376,000
Property Recording Fees	\$4,200
Board-up Services	\$69,000
Eviction Expenses	\$28,000
Solid Waste Charges	\$8,600

RACM provides an annual communication to the Comptroller in April to reconcile the previous year's revenues and expenditures. The Comptroller decides whether RACM should roll over any balance into the next year or turn those funds over to the City. While the Comptroller typically instructs RACM to rollover the balance into the next year there has been one exception. In 2015 the Department of City Development utilized the balance of these funds for the repairs and improvements to the Fondy Market, approved in Common Council File 151305.

The rent funds are accounted for in the annual RACM Budget. The revenue portion is found under the RACM General Revenues section, "Dwelling Rent," and is estimated at \$1,100,000 for 2017. The expense is found under the Operating Expenditures as "Property Services" and is estimated at \$1,100,000 for 2017. The annual RACM Budget is submitted to and adopted by the Common Council along with City's annual budget.

DISPOSITION FEE COLLECTION & EXPENSE OF FUNDS

RACM collects a 30% disposition fee on all property sales. No fee is collected on the sale of vacant lots, \$1 homes, bulk package sales to organizations, and sales in which there is little or no net sale proceeds.

CURRENT DISTRIBUTION OF SALE PROCEEDS THROUGH 06-20-2017 304 PROPERTIES

Sale Proceeds	RACM Disposition Fee	ROOTS Program	Broker Commission	All other fees, assessments, outstanding bills, credits, title company	Net to City Tax Deed
\$2,327,596.06	\$686,652.88	\$19,500.00	\$283,207.35	\$141,648.86	\$1,197,991.67

The disposition proceeds are accounted for in the annual RACM Budget. Revenue is listed under the RACM General Revenues section, "Development Fees/Property Sales" and is estimated at \$1,000,000 for 2017. These proceeds contribute to RACM's General Fund and support annual expenses such as salaries for Real Estate and Environmental team, associated fringe benefits, salaries and fringes of DCD-City employees, City Attorney services, pension fund annual payment, audit services, insurance, and other general operating expenses. This provides RACM the funding to accomplish its goals of adding value to Milwaukee's neighborhoods through blight elimination, managing the DNA (Do Not Acquire) list, historic land use investigations, parcel assembling, environmental clean ups of brownfields, and other real estate and sales activities. The annual RACM Budget is submitted to and adopted by the Common Council along with City's annual budget.