

LEGISLATIVE REFERENCE BUREAU FISCAL ANALYSIS

COMMUNITY & ECONOMIC DEVELOPMENT COMMITTEE

SEPTEMBER 29, 2008

Item 10, File #080690

File Number 080690 is a resolution authorizing the transfer and expenditure of \$50,000 from the Development Fund for the New Homes Milwaukee initiative.

Background

1. The Development Fund is a Department of City Development-administered capital account that provides financial assistance for development projects that do not qualify for tax incremental district designation. The Fund has been used to support façade-improvement grants and loans, brownfield cleanups, business improvement district activities, new home incentives and neighborhood street improvements.
2. The 2007 and 2008 Adopted Budgets provide \$2.2 million and \$1.8 million, respectively, for the Development Fund.
3. The New Homes Initiative is a DCD-administered program that encourages new home construction on City-owned land (or formerly City-owned land that is part of a City-sponsored project). It provides grants to help buyers pay for extraordinary costs relating to building on vacant city lots, such as the costs of removing buried rubble and extending sewer and water laterals.
4. Common Council File Number 041702, adopted May 20, 2005, authorized the allocation of \$50,000 from the Development Fund for the New Homes Milwaukee initiative. This funding provided grants of \$7,500 each to 5 homebuyers; the remainder of the funds were used to cover DCD administrative costs relating to the receipt and expenditure of grant dollars for the Lindsay Heights area, in which the new homes were located.

Discussion

1. This resolution directs the proper City officials (i.e., the Comptroller) to transfer \$50,000 from the Development Fund account to the New Homes Milwaukee initiative project account.
2. This funding allocation will be used to provide forgivable loans of up to \$5,000 to 10 buyers of new homes located on City-owned vacant lots (or former City-owned lots that are located in City-sponsored development projects). Priority will be given to home construction in the City-sponsored developments of Josey Heights, Walnut Circle and The Legacy.
3. The Department of City Development will administer the expenditure of these funds.

Fiscal Impact

The current unencumbered balance in the Development Fund is \$1,454,950. This resolution will reduce the Development Fund's balance by \$50,000.

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