

Reply to Common Council File No. 130736
From DOA-Budget and Management Division

October 28, 2013

Ref:

Common Council File 130736 contains an ordinance relating to expenditures from the Housing Infrastructure Preservation Fund (HIPF).

The Mayor has proposed this ordinance as part of the 2014 Executive Budget. Under current law, the department of city development is authorized to expend HIPF funds to mothball selected properties without further common council approval. The proposed ordinance would require that expenditures greater than \$50,000 for any single property would require Common Council approval. This provision is a threshold for Council approval, not a cap on expenditures.

The primary rationale for the proposed ordinance is to focus HIPF expenditures on activities that are required to preserve a property, rather than to restore it. This approach is intended to limit total city expenses from HIPF until potential purchasers can be identified. At that time, it should become more feasible for the city to provide additional incentives for purchasers to complete the necessary expenditures to restore the properties in question.

The HIPF has achieved several meaningful accomplishments with respect to restoration, neighborhood stabilization, and induced employment activity. However, 16 of the 22 properties that HIPF expenditures have improved remain in the city's inventory. The Mayor's proposal is intended to establish a more cost-effective public-private partnership for the restoration and resale of *in rem* properties of historical significance. This is an important goal given the demands on the city's budget that result from the acquisition of tax-foreclosed property.

There is no direct fiscal impact that is projected to result from this file. Total expenditures for HIPF are established by appropriation in the adopted city budget.

RECOMMENDATION: ADOPT FILE COMMON COUNCIL FILE NUMBER 130736.



Mark Nicolini
Budget and Management Director

MN:dmr

FINANCE: 130736sr.doc