

CITY OF MILWAUKEE

STRONG

NEIGHBORHOODS PLAN

Prevention • Mitigation • Revitalization • Renewal



Lease to Own Program

(T3OP - Tenant Transition to Ownership Program)



Produced by the City of Milwaukee
Department of City Development
www.milwaukee.gov/dcd

Last update: 3/31/2015

Program Goals and Milestones:

1. Provide qualified tenants of City-owned foreclosed properties with the opportunity to buy the home they occupy.
2. Provide financial literacy education and home buyer counseling to ensure that tenants who transition to home ownership are prepared to sustain ownership over the long term.
3. Provide repairs to foreclosed property that reduce the major costs during the first five years of ownership, and improve the appearance of the property and the block.
4. Reduce the inventory of City-owned foreclosed properties through sales to tenants.

DATE	ACTION	FILE #
March 20, 2012	Common Council adopted resolution directing DCD to create a plan to convey City-owned tax-foreclosed properties to qualified tenants	111511
June 12, 2012	DCD communication file provided initial recommendations for design of a rent-to-own program for tenants. Letter indicated that the program would require financial resources to cover the work of a home buyer counselor; capital funds to pay for repairs at each property, and cost of new housing rehabilitation specialist position to oversee repairs at rent-to-own properties.	120165
January 1, 2013	2013 City budget allocates \$150,000 in capital funds for repairs at rent-to-own properties.	
July 2, 2013	\$300,000 in CDBG reprogramming funds allocated for repairs at rent-to-own properties.	
July 16, 2013	DCD submitted communication file with further program refinements, projecting that, in 2015, 30 properties would be sold to tenants annually through the program.	130406
September 12, 2013	Request for Proposals (Official Notice #57466) issued to identify agency that could provide home buyer counseling services to tenants	
January 2, 2014	2014 City budget includes funds for home buyer counselor contract and \$300,000 for home renovation expenditures.	
January 29, 2014	ACTS home buyer counselor "embedded" at DCD to provide ownership counseling and financial literacy education services for program	
May 2014	DCD selects 8 contractors through RFP process to undertake repair work at rent-to-own properties.	
July 13, 2014	First rent-to-own property sold to tenant	



150
Tenants screened
since inception
2/2014

62
Active program
participants
as of 3/30/15

51
Not
qualified

37
Tenants referred
to ACTS

- Delinquent on rent payments
(More than 3 months)
- Moved
- Evicted
- Former owner redeemed property
- Non-responsive to invitation
- Withdrew during rehab phase due to partner's death

ACTS Good Samaritan Program Requirement

- City tenants who didn't qualify for the LTO program
- Tenants need to demonstrate their willingness to repay current creditors
- Verifiable income (PITI plus debt ratio cannot exceed 42% of income)
- Agree to live in property as primary residence for at least five years
- Agree to complete repairs necessary to occupy home and be awarded an exterior code compliance certificate within 12 months of purchase *(repairs to make home safe and sanitary)*
- Loan to value ratio shall not exceed 90% including ACTS loan



62
Active program participants

7
Intake process

- Intake Applications
- Credit Review
- Credit Analysis
- Action Plan/Road Map

27
One-on-one counseling

13
Pre-rehab phase

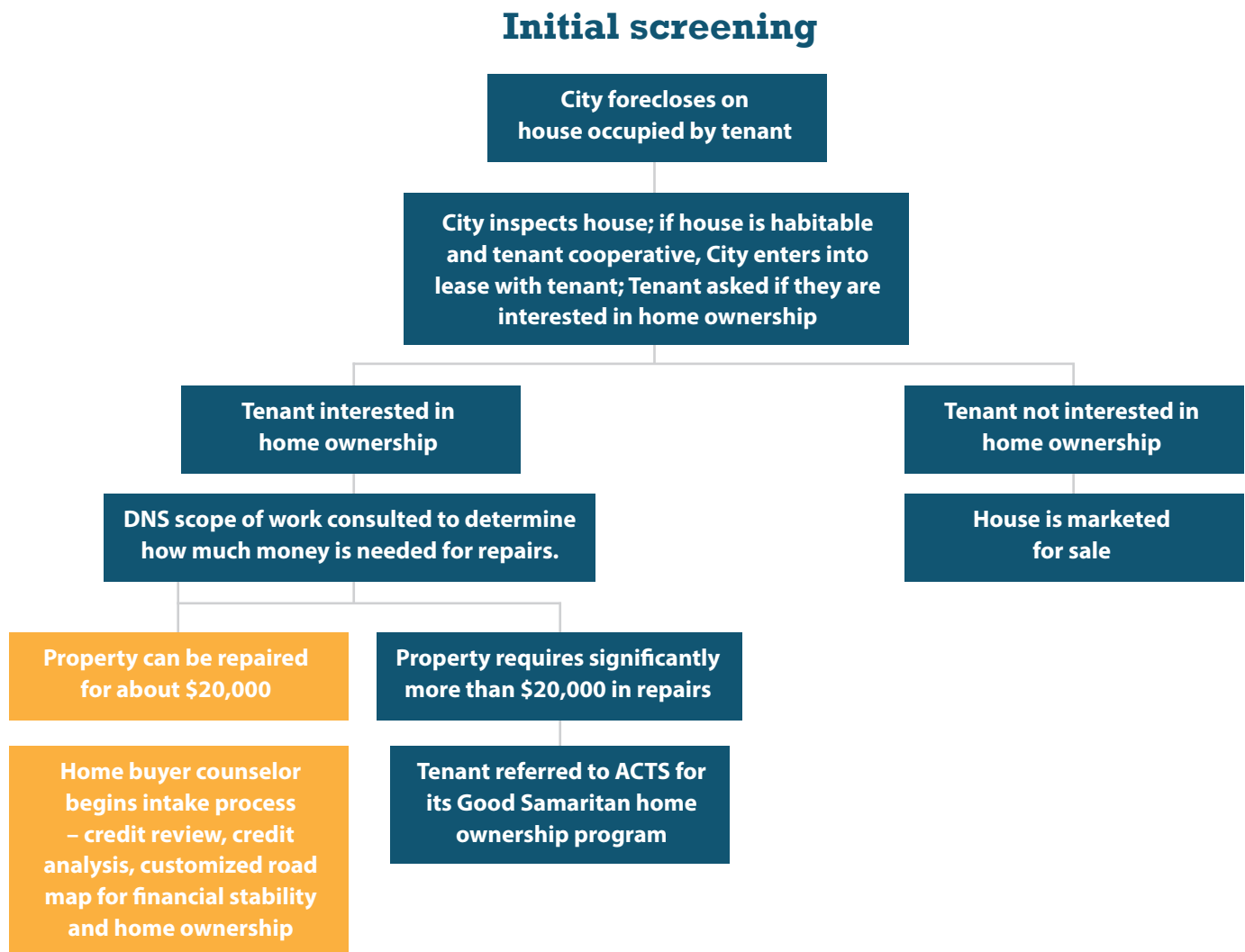
- **10** Initial Inspection
- **3** BID

12
Signed lease amendments

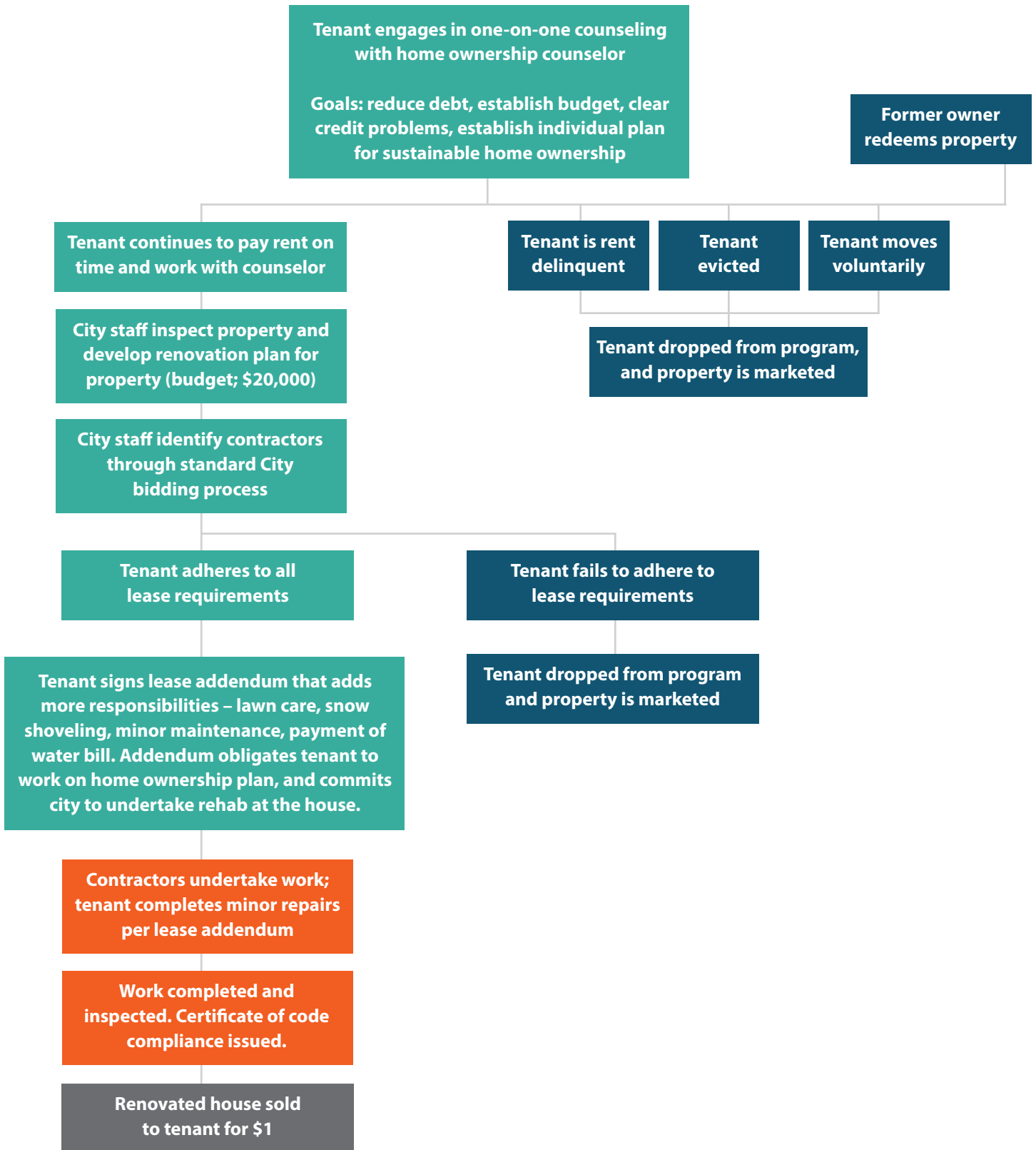
3
Purchased house

Key benchmarks (two year timeline)

1. Initial screening of tenant and property
2. One-on-one counseling
3. Property qualification
4. Lease amendment creates mutual commitment between City and buyer
5. Property renovation
6. Sale of property



Critical path for tenants and properties that pass initial screening



Applicants currently in the LTO program:

District 1 / Alderman Ashanti Hamilton

5050 North 25th Street
5232 North 36th Street
4850 North 44th Street
5071 North 23rd Street
6048 North 36th Street
4941 North 52nd Street
4031 North 23rd Street
4106 North 24th Place
4585 North 23rd Street

District 2 / Alderman Joe Davis, Sr.

5523 North 56th Street
5039 North 60th Street

District 5 / Alderman James A. Bohl, Jr.

8936 West Lawrence Street

District 6 / Alderwoman Milele A. Coggs

3353 North 17th Street
2147 North Buffum Street
2849 North Palmer Street
826 West Nash Street
3320 North 13th Street
2763 North 6th Street

District 7 / Alderman Willie C. Wade

4748-50 North 52nd Street
3917 North 29th Street
4770 North 35th Street
2935 North 35th Street
3522 W Glendale Avenue
3068 North 24th Place
4433 North 46th Street
3642 North 37th Street
3382 North 30th Street
3386 North 47th Street
3620-22 North 27th Street
3517 North 47th Street
3134 North 39th Street
5152 North 60th Street
3266 North 28th Street
3411 North 38th Street
3756 North 37th Street
4503 North 55th Street

District 8 / Alderman Robert G. Donovan

1315 South 23rd Street
1019 South 32nd Street
2200 West Lincoln Avenue

District 9 / Alderman Robert W. Puento

5731 North 62nd Street
7849 North 76th Street

District 10 / Alderman Michael J. Murphy

2749 North 51st Street

District 12 / Alderman José G. Pérez

1808 South 17th Street
1305 South 17th Street
1429 West National Avenue
1547 South 8th Street

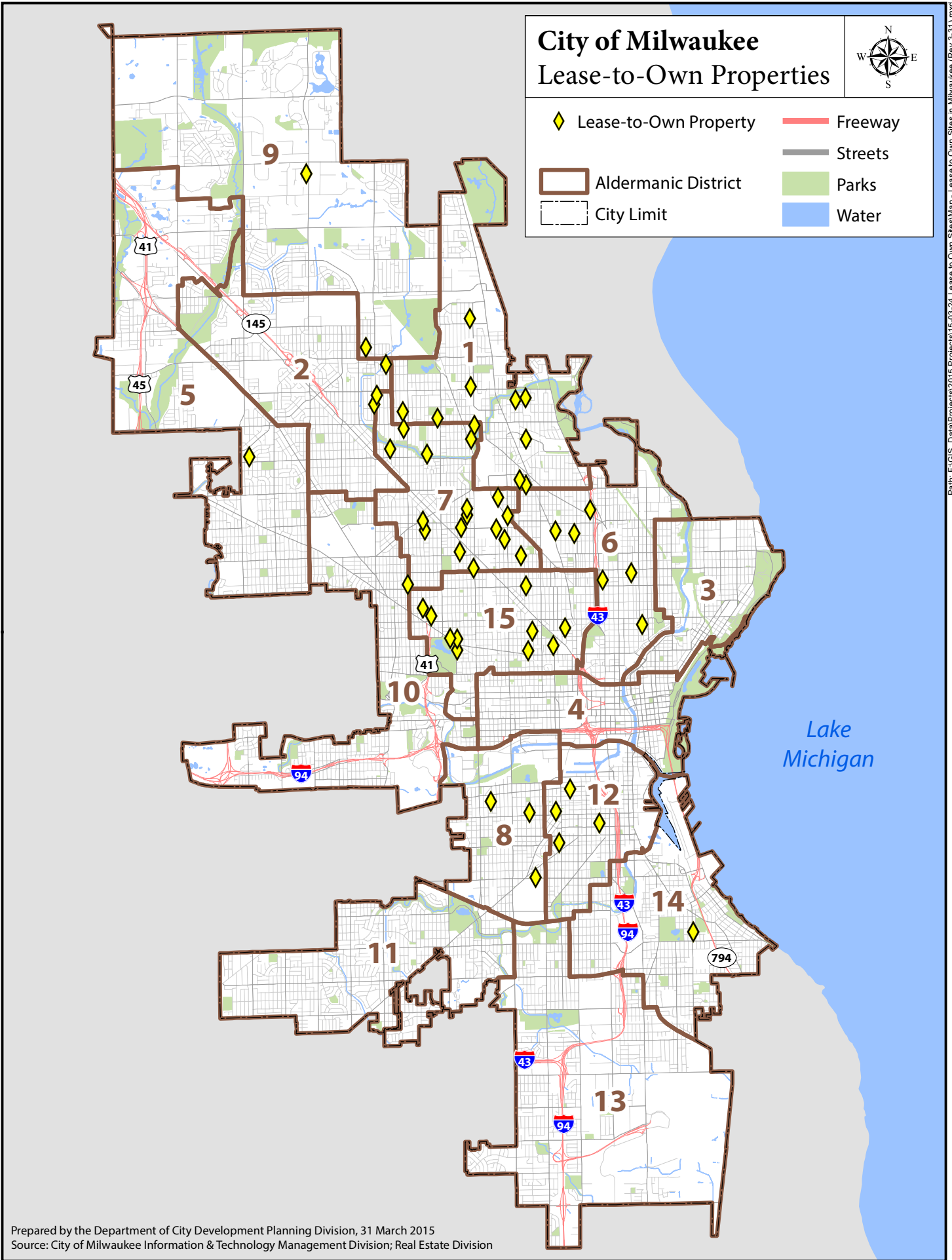
District 14 / Alderman Tony Zielinski

2970 South Clement Avenue

District 15 / Alderman Russell W. Stamper, II

1838 North 40th Street
1741 North 23rd Street
2008 N 40th Street
2362 North 46th Street
1717-19 West Vine Street
2454 North 48th Street
2320 West Center
2127 North 14th Street
2204 West Lloyd Street
4128 West Lisbon Avenue

Current as of March 30, 2015



City of Milwaukee Lease-to-Own Properties



- ◆ Lease-to-Own Property
- Aldermanic District
- City Limit
- Freeway
- Streets
- Parks
- Water

Path: F:\GIS_Data\Projects\2015 Projects\15-03-24 Lease to Own Sites\Map - Lease to Own Sites in Milwaukee (Rev 3-31).mxd

Contractor Pool

** SBE & Section 3 certified*

- **GSI General, Inc ***
- **Hopkins Mechanical and Design, LLC ***
- **Insulation Technologies, Inc. dba INTEC ***
- **Jordan's Construction Services, LLC ***
- **Modern Home Improvements, LLC ***
- **Power Contractors, LLC ***
- **Ramirez Restoration, LLC ***
- **Strauss Houses, LLC**





Step-by-Step: Lease to Own Program

After tenant completes their Homebuyer Counseling Certificate:

Tenants pays \$1 for the home

Tenant receives up to \$20,000 in repairs + technical assistance

Tenant pays about \$600 in closing costs

START HERE



Tenant & property screened & approved for participation

Tenant & homebuyer counselor develop & work through homeownership plan

DCD Tech Specialist refines DNS scope of work - contractor scope & sweat equity scope are created

DCD Tech Specialist bids out & awards contracts for contractor scope of work

Contracted repair work completed & inspected

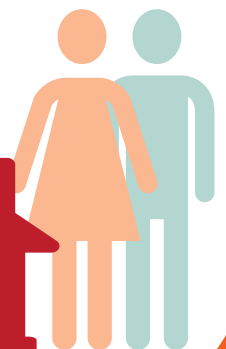
Tenant signs lease addendum specifying requirements for participation

DCD Tech Specialist provides sweat equity scope of work to tenant & provides guidance to complete items

WORK BEGINS!

Tenant completes homeownership plan & sweat equity work - DCD Tech Specialist inspects, approves work & arranges for Certificate of Code Compliance

City of Milwaukee
TRANSFERS OWNERSHIP OF PROPERTY TO TENANT



Congratulations New Homeowner!



CONTACT:
Coretta Herring | Housing Counselor
City of Milwaukee DCD - Department of City Development & ACTS Housing

(414) 286-5622 or (414) 727-0014
www.milwaukee.gov/cityrealestate



Step-by-Step: Lease to Own Program

On average, approximately 1/3 of City-owned properties are occupied by tenants who live in the house at the time the City takes ownership. Some of these tenants have the desire and financial ability to purchase the property in which they reside.

The Lease to Own Program will identify and work extensively with qualified tenants to help them to become long-term, sustainable homeowners.

The tenant and the property are positioned for a successful transition to homeownership if the following conditions are met:

- The City scope of work is less than \$20,000
- Tenant is willing to complete “sweat equity” repair work identified by a technical specialist, such as interior painting
- Tenant successfully completes Homebuyer Counseling Certificate with ACTS Housing within a 24-month period
- Tenant repairs credit to qualify for homeownership
- Tenant stays current with utility bills associated with occupancy of the property (gas, electric, water)
- Tenant must be in full compliance with their lease and current with their rent payments
- Prior to entering the program, lease-option candidates also must pass the customary background checks required for all buyers of City-owned property
- If the property to be acquired is a duplex, and the participant plans to rent out the second unit upon ownership, complete the City of Milwaukee landlord training class (milwaukee.gov/landlordtraining)
- Enter into a “good neighbor commitment” that encompasses standards of behavior conducive to neighborhood health

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