

LEGISLATIVE REFERENCE BUREAU FISCAL ANALYSIS

COMMUNITY & ECONOMIC DEVELOPMENT COMMITTEE

OCTOBER 26, 2009

Item 14, File #090785

File Number 090785 is a resolution authorizing the transfer of \$752,000 in Wisconsin Department of Commerce Neighborhood Stabilization Program funding from the Department of City Development to other service providers for demolition and land banking activities.

Background

1. On February 10, 2009, the Common Council adopted File Number 081332, a resolution authorizing DOA-Community Development Grants Administration (“CDGA”) to apply for and accept \$10 million in Wisconsin Department of Commerce Neighborhood Stabilization Program (“NSP”) funding. This funding was awarded to help the City address the impacts of the foreclosure crisis on Milwaukee neighborhoods.
2. The City’s plan for use of these NSP funds involves a variety of components, including acquisition and rehabilitation of both single-family and rental housing, direct homeownership assistance, homebuyer counseling, land banking, demolition of blighted structures and redevelopment of demolished or vacant properties. All but \$234,500 of the \$10 million was designated for use by the Department of City Development (“DCD”) and its various real estate-related programs (the \$234,500 was allocated to CDGA and the Comptroller for administrative costs).
3. On September 22, 2009, the Common Council adopted File Number 090567, a resolution approving the transfer of \$864,219 of DCD’s federal (not state) NSP land banking funds to the Milwaukee Neighborhood Reclamation Company, LLC (“MNRC”), an entity created by the Neighborhood Improvement Development Corporation in June, 2009, for the purpose of performing foreclosure-related land banking activities.
4. In meeting with DCD, the Department of Neighborhood Services (“DNS”) and the Special Joint Committee on the Redevelopment of Abandoned and Foreclosed Homes, CDGA determined that DNS would be the most appropriate agency to administer the demolition activity funded by NSP. It was agreed that DNS would be the service provider for this activity using \$377,000 of the funding award.
5. Based on the creation of the MNRC, DCD and CDGA have determined that it would be appropriate to transfer \$375,000 of DCD’s state NSP land banking funding and service provider responsibility to the MNRC.

Discussion

1. This resolution approves the transfer \$377,000 of DCD's Wisconsin Department of Commerce NSP funds to the Department of Neighborhood Services for demolition activities and \$375,000 of DCD's NSP funds to the Milwaukee Neighborhood Reclamation Company, LLC, for land banking activities.
2. The resolution also provides that, prior to each property acquisition using the transferred funds, MNRC shall submit the address of the property to be acquired to the local Common Council member, who shall have 7 days from receipt of the address to approve or disapprove the acquisition and notify the MNRC in writing of that approval or disapproval. The MNRC shall also comply with all Milwaukee Code of Ordinances provisions relating to the disposition of City-owned property.

Fiscal Impact

This resolution authorizes the transfer of \$377,000 awarded to the City by the Wisconsin Department of Commerce NSP to the Department of Neighborhood Services for demolition activities. It also authorizes the transfer of \$375,000 of these NSP funds to the Milwaukee Neighborhood Reclamation Company (a non-City agency) for land banking activities.

Prepared by: Jeff Osterman, x2262
LRB-Research & Analysis Section
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cc: Steven Mahan
Marianne Walsh