



Department of City Development
City Plan Commission
Redevelopment Authority of the City of Milwaukee
Neighborhood Improvement Development Corporation

Lafayette L. Crump
Commissioner

Vanessa L. Koster
Deputy Commissioner

October 20, 2020

Members of the Finance and Personnel Committee
Milwaukee Common Council
City Hall, Room 205

Dear Chair Murphy and Committee Members:

This letter responds to a number of requests and questions that were raised at the Finance and Personnel Committee's hearing regarding the Department of City Development's proposed 2021 budget.

1). Provide a summary of in rem sales to owner occupied versus non-occupied and sale to City resident vs. non City resident.

Following is a breakdown of 2019 and 2020-year to date in rem sales:

Metric	2019	2020 YTD
# of Residential Sales (1-4 Units)	242	201
# of Residential Sales to Owner Occupants	104	99
# of Residential sales to Investors	138	102
# of Residential Sales to INVESTOR BUYERS with a Milwaukee address	60	56
# of Residential Sales to INVESTOR BUYERS with a State of WI Address (not including MKE)	67	27
# of Residential Sales to INVESTOR BUYERS with an address outside of the state of WI	11	19

2). Is Earn & Learn Summer Youth Intern Program (SYIP) carryover available for increased salaries next year? Provide a brief summary of the SYIP.

More than \$123,000 of CDBG funding from SYIP will be carried over into next year. The plan is to maintain new funding at \$276,000. This will provide funding to pay students at the new higher rate.



DCD works with Employ Milwaukee to administer the Earn & Learn program. The program assists young people in making a successful transition to adulthood by providing opportunities to develop work readiness skills while they earn wages working in government, community and faith based organizations, and private sector businesses. DCD also coordinates the City's participation as an employer in Earn & Learn. In 2019, the City's Summer Youth Internship Program placed 127 teens in City government departments. DCD also managed City participation in the Milwaukee Public Schools career exploration program for high school students. A variety of City departments hosted students from Vincent High School. In 2020, the City's Summer Youth Internship Program moved to a virtual format and employed 123 teens in an online career readiness program.

3). Provide a survey for buyers of city property.

We will look into this as a way to seek feedback from buyers on their experience with the process of purchasing city real estate.

4). Address dumping on city owned property.

The vacant lot program promotes the sale of city owned vacant lots to adjacent property owners as one way to reduce illegal dumping. We are exploring options to fence these vacant lots to further prevent access to the property and dumping. We will continue to explore ideas to reduce the amount of dumping on city owned properties in coordination with the Department of Public Works, Department of Neighborhood Services and community partners.

5). Provide Housing Infrastructure Preservation Fund (HIPF) summary that includes average sales price and list of all properties.

Attached is an update to the HIPF summary (HIPF budget request) that was previously provided with the requested information, and has been added to File No. 200001.

6). Provide a summary of the former Northridge shopping center status including information on whether the Tax Incremental District (TID) covers building demolition costs.

TID #51, Granville Station, was created in 2003 to redevelop the former Northridge Shopping Center area. The City expended ~\$4.4M to assist the redevelopment efforts on the area including demolition and site clearance. This redevelopment work resulted in the Menard's and other retail businesses. Currently, the TID has no additional capacity for asbestos abatement and demolition of the remaining Former Northridge Mall which is estimated to be at least \$10M. As a side note, the City currently owns the former Boston Store adjacent to the former mall that also requires abatement and demolition to which the Redevelopment Authority of the City of Milwaukee has committed \$400K to complete but does not have the financial resources to manage the abatement and demolition of the former mall.

In regards to the City's legal case against the owner of the former mall, U.S. Black Spruce, the City issued raze orders against three properties owned by U.S. Black Spruce Enterprises that were upheld at the Standards & Appeals Commission in 2019. Black Spruce challenged the raze orders

at Milwaukee County Circuit Court in 2020 which issued a decision in favor of the City by upholding the raze orders. Later that year, Black Spruce appealed and, as of October 2020, no hearing dates have been scheduled with the Wisconsin Court of Appeals. It is expected to hear something in the first quarter of 2021.

7). Provide a summary of IKON hotel status including anticipated opening date.

In 2019, the Common Council approved an initial \$4m loan for the Ikon/One MKE Plaza project (former Milwaukee Mall) at Fond du Lac and North Avenues. This loan was for acquisition and pre-development costs. To date, approximately \$3.3m of that loan has been disbursed for the acquisition of the property, interior demolition/abatement and items like architectural fees. In late 2019, contractors began interior demolition and abatement. There was a slowdown in spring of 2020 when they had difficulty getting enough PPE for their workers, but work has continued. The first payment on that loan is not due until September 2021.

Later in 2019, the Common Council approved an additional \$5m loan to the project, but those funds can only be released once the rest of the financing for the project is in place. The developer is still trying to secure all of the funding for the project. This is even more difficult for a hotel project under the current economic circumstances, so none of those funds have been released. However, since the funding necessary for completing the project has not been raised, there is not an anticipated completion/opening date yet.

8). 10,000 Homes Initiative. Request to add additional data point—how many have lost their home.

DCD will follow up with Budget office regarding adding this data point.

9). Provide information on city owned commercial property listing and sales in the past three years.

Attached is a list (Non-Neighborhood Properties Sold) of all commercial properties sold in the past 3 years and another attachment (Non-Neighborhood Properties in Inventory) with a list of all city owned commercial properties in inventory, both added to File No. 200001.

10). Provide commercial grant activity by Aldermanic District.

This information was previously provided via email on October 14, 2020, and added to File No. 200001.

11). Provide Commercial Foreclosure Renovation Fund activity, including the five projects in the pipeline.

This attachment was previously provided via email on October 14, 2020, and added to File No. 200001.

12). Provide an update on the Payment in Lieu of Taxes (PILOT) program and status on implementation of recommendations.

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Work continues on the recommendations from the April 2018 PILOT report. Since the most recent update at Finance & Personnel, the Assessor's Office and DCD completed work on a series of web pages, now hosted on the Treasurer's site at:

<https://city.milwaukee.gov/treasurer/Pilot/Program-Explanation.htm>.

Additional steps from the recommendations are either complete or moving forward. Of note from this department, we have been consistent about tax exemption restrictions imposed, to the extent possible, on the sale of city-owned properties.

Please contact me should you have any further questions. I can be reached via email at vkoste@milwaukee.gov , or at ext. 5810.

Sincerely,

A handwritten signature in black ink, appearing to read 'VANESSA L. KOSTER', with a stylized flourish at the end.

Vanessa L. Koster
Deputy Commissioner