

FISCAL REVIEW SECTION – LEGISLATIVE REFERENCE BUREAU
EXECUTIVE SUMMARY: 2006 PROPOSED BUDGET – DEPT OF CITY DEVELOPMENT

1. The 2006 Proposed Budget provides the Department of City Development a \$3,535,712 tax levy funded Operating Budget, compared to the \$3,219,144 funded in 2005. This budget is net various reimbursable offsets, including CDBG and other grants. **(Page 3)**
2. In 2006, total authorized positions decrease 8.82% from 261 in 2005, to 238. Four vacant position authorities and related funding are eliminated, and the remaining are transferred to HACM direct or capital funding authorities. **(Pages 3-4)**
3. Total tax levy funded Operating Expenditures are \$271,634, a decrease of \$33,963 or 11.12% compared to \$305,597 provided in 2005. **(Pages 4-5)**
4. The Milwaukee Fourth of July Commission Special Purpose Account funding decreases 23.08% to \$100,000 in 2006, from \$130,000 provided in 2005. **(Pages 5 and 8)**
5. The 2006 Proposed Budget provides various BID projects a total \$193,000 in city contributions through the BID special purpose account. **(Pages 5-7)**
6. The Economic Development Fund Special Purpose Account decreases from \$5,388,818 in 2005, to \$5,784,254 to support various BID projects. **(Pages 5-7)**
7. Two new special purpose accounts are proposed for 2006, a Land Management SPA funded at \$200,000 and a Regional Economic Development Initiative SPA funded at \$100,000. **(Pages 5 and 8)**
8. In 2006, DCD Capital Improvements are funded at \$53,350,000, an increase of \$26,700,000 (100.19%) from the \$26,650,000 provided in 2005. **(Pages 9-11):**
9. Tax Incremental District related capital funding increases from \$23.5 million in 2005 to \$50 million in 2006. **(Pages 9 and 11)**
10. In 2006, excluding HACM's PILOT payment, Total Estimated Revenue equals \$1,472,600 compared to \$1,365,200 in 2005. The budget line includes only that revenue recognized by the Comptroller. **(Page 11)**
11. In 2006, HACM's estimated funding level decreases \$5,879,561 or 7.85% to \$68,975,329, compared to \$74,855,000 funded in 2005. The department adjusts annual estimates after adoption of the city budget. **(Pages 12-14)**
12. DCD anticipates receiving \$7,587,678 grants revenues in 2006, compared to \$7,470,949 in 2005. Because the department offsets personnel costs with CDBG and HOME funding (including reprogramming) annual reduction to entitlements may result in staff layoffs and possibly ending some programs and services. **(Pages 12-15)**

**FISCAL REVIEW SECTION – LEGISLATIVE REFERENCE BUREAU
2006 Proposed Budget Summary: Department of City Development (DCD)**

<u>EXPENSE CATEGORY</u>	<u>2004 ACTUAL</u>	<u>2005 ADOPTED</u>	<u>PCT CHANGE</u>	<u>2006 PROPOSED</u>	<u>PCT CHANGE</u>
OPERATING	\$ 3,695,495	\$ 3,219,144	- 12.89%	\$ 3,535,712	+ 9.84%
CAPITAL	23,654,660	26,650,000	+ 12.67%	53,350,000	+ 100.19%
POSITIONS*	252	238	- 5.56%	261	+ 9.67%
TOTAL FTEs*	199.02	221.00	+ 11.05%	223.81	+ 1.28%

* Excludes HACM, RACM, MEDC, and NIDC direct employees

The Department of City Development (DCD) is responsible for City planning, zoning, housing, redevelopment, and economic development. The Department also provides staff to various City related agencies, which include the Housing Authority of the City of Milwaukee (HACM), the Redevelopment Authority of the City of Milwaukee (RACM), the Milwaukee Economic Development Corporation (MEDC), and the Neighborhood Improvement Development Corporation (NIDC). The Department also staffs the City Plan Commission.

Pertinent Historical Information

1. The 1997 Budget transferred the Land Development Program to the Milwaukee Economic Development Corporation.
2. The 1998 Budget shifted the Board of Zoning Appeals (BOZA) to a special purpose account (SPA).

Agencies Transferred In

1. The 1999 Budget funded a new Development Center; this involved transferring 25 plan examination staff from the Department of Building Inspection (now Neighborhood Services) to DCD.
2. The 2003 Budget transferred the programs, funding and 60 authorized Neighborhood Improvement Development Corporation (NIDC) staff from the Department of Neighborhood Services back to the Department of City Development.

Agencies Transferred Out

The number of authorized positions decreased by 151 or 38.82% from 389 in 1998 to 238 in 2005. Factors that contributed to the drastic decrease involve the following changes:

- In 1999, 56 positions and functions of the Housing & Neighborhood Development Neighborhood Improvement Development Corporation (NIDC) agency transferred to the Department of Neighborhood Services.
- In 2000, funding for 42 FTEs (528 part-time summer positions), the Youth Initiative Program, was eliminated with the understanding that the Private Industry Council would provide this function.

- In 2003, 60 authorized NIDC positions transferred back to the DCD to support NIDC programs and initiatives. Only 38 positions were funded in 2004, and 21 in 2005.

Revenues

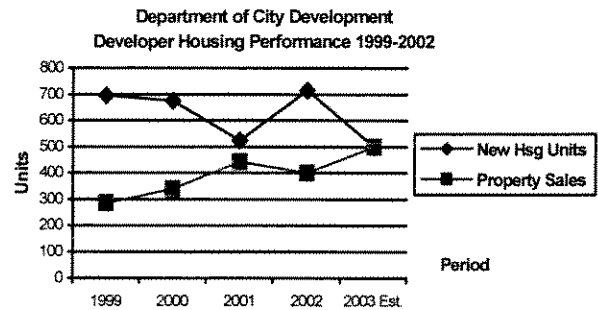
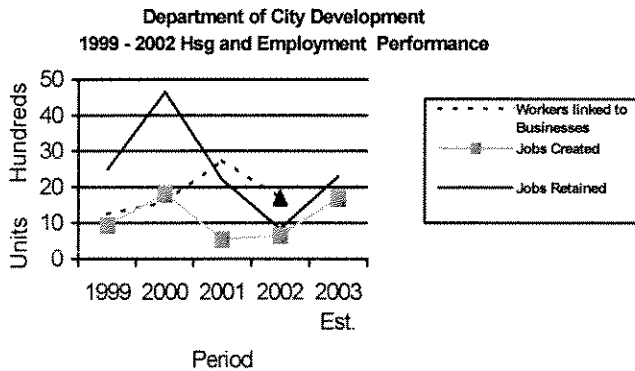
Excluding License and Permits and PILOT income, actual revenues increased by \$1,301,270 or 285.58% from \$455,670 in 1999 to \$1,756,940 in 2004. In this period, License and Permits revenue increased \$841,459 from \$47,000 in 1999 to \$888,459 in 2004. Actual Taxes and PILOT income decreased by \$72,343 from \$967,610 in 1999 to \$895,367 in 2004.

Performances

When the Department of City Development provides assistance to businesses, it tracks the number of jobs retained and created as a result of that assistance to private business projects.

As depicted in the graphs below, the Department of City Development resources are allocated to support various initiatives that include but are not limited to linking workers to businesses, job creation, job retention, developing new housing units and property sales. Information on performance is not included in 2004 and later budget documents. For the period 1999 to 2003:

- The number of workers linked to businesses seeking workers peaked in 2001 but the 2002 actual measure was not reported in the budget documents
- Job retention peaked in 2000 to 4,653 but was not expected to increase to that level through 2003
- Job creation peaked at 1,813 in 2000



Source: 2000-2003 BMD-2s prepared by the DCD

New housing units and annual property sales are influenced by social-economic factors. The chart shown on this page includes 2002 and 2003 HACM and NIDC activity.

2006 PROPOSED BUDGET HIGHLIGHTS and CHANGES

The 2006 Proposed Budget provides the Department of City Development a \$3,535,712 tax levy funded Operating Budget, compared to the \$3,219,144 funded in 2005. This budget is net various reimbursable offsets, including CDBG and other grants.

INITIATIVES

In 2006, the Department of City Development will continue to develop the following initiatives:

- Menomonee Valley
- Park East Corridor
- Relocating DPW Field Facilities to Tower Automotive Site
- Harley Davidson Museum Complex
- New Targeted Investment Neighborhoods strategy
- Main Street Initiative (SoHi, Burleigh Ave., Lincoln Ave., and W. Layton Blvd.)

PERSONNEL CHANGES

The 2006 Proposed Budget provides \$2,238,818 Net Salaries and Wages for 261 personnel, compared to \$2,079,846 Net Salaries and Wages for 238 personnel in 2005. As of August 30, 2005, the DCD maintained 27 vacant positions (24 FTEs), accordingly:

(1) Building Maintenance Mechanic I	(2) Housing Manager II
(3) Building Maintenance Mechanic II	(1) Lead Housing Maintenance Mechanic
(2) 0.5FTE College Intern	(1) Director (MEDC)
(1) Communications Assistant I	(1) Housing Operations Manager
(4) Custodial Worker II-City Laborer	(1) Network Analyst Assistant (HACM)
(1) Econ. Development & Media Specialist	(1) Office Assistant IV
(1) Economic Development Specialist	(1) Plan Examiner Assistant Supervisor
(2) 0.5FTE Graduate Intern	(1) Rent Assistant Specialist III
(1) Housing Management Director	(1) Rent Assistance Supervisor

The primary reason for most personnel changes, with the exception of those outlined in pages 4-5, is due to previously Common Council approved reclassifications. Other changes involving transferring position authority and funding from the tax levy to off-budget accounts held by RACM, MEDC, etc.

General Management & Policy Development (Org 1910)

- Create 25-Summer Youth Team Leader (PR 910) part time positions, each serving 240 hours per year as management staff for Summer Youth Intern Program at \$48,440
- Transfer 1-Permit & Development Center Manager (SG 012) from Community Planning & Development Services DU 1912 at no fiscal impact

- Eliminate 1 vacant Administrative Assistant I (PR 435) position at (\$29,601) plus fringes
- Eliminate 1 vacant Housing Rehab. Specialist-Sr. (SG 5) position at (\$51,544) plus fringes
- Eliminate 1 vacant Communications Assistant I (PR 415) position at (\$31,198) plus fringes

Public Housing Programs (Org 1911)

- Transfer 1-Building Maintenance Mechanic II (PR 248) from Family Housing to Elderly & Disabled Housing, at no fiscal impact
- Transfer 1-Building Maintenance Mechanic I (PR 235) from Elderly & Disabled Housing to Family Housing, at no fiscal impact

Community Planning & Development Services (Org 1913)

- Eliminate funding only for 1-0.80FTE Planning Director (SG 15) at (\$30,575) plus fringe benefits, because personnel costs are to be fully funded in DCD operating account.
- Create 1-Assistant Planning Director (SG 12) at \$95,571 plus fringe benefits

RECONFIGURATION OF DECISION UNITS:

Position funding for several personnel are moving from the tax levy to HACM direct, which is support by rental income and federal rent subsidies (Section 8). In 2005, the Department of City Development anticipated receiving fewer Section 8 subsidies, which may affect personnel authorities and funding. In 2006, DCD proposes transferring position authority and salaries and wages for the following to HACM (pp. 44-45, 2006 Proposed Plan & Exec. Budget Summary):

- | | |
|-------------------------------------|---|
| • 1-Accounting Assistant II | • 1-Economic Development Specialist (0.25FTE) |
| • 1-Accountant I | • 1-Rent Assistance Supervisor |
| • 1-Planning Administration Manager | • 2-Plan Examiner Specialist |
| • 1-Budget & Mgmt Reporting Mgr | • 2-Rent Assistance Specialist II |

OPERATING BUDGET COMPARISONS

In 2004, Actual Operating Expenditures, \$719,240, exceeded the \$460,974 budget by \$258,266 or 56.03%. In 2006, total tax levy funded Operating Expenditures is \$271,634, a decrease of \$33,963 or 11.12% compared to \$305,597 provided in 2005, with the exception of General Office Expenses and Reimburse Other Departments, all Operating Expenditure budget lines are funded at year 2005 levels. In 2006, General Office Expense decreases by from \$85,351 to \$69,530 and Reimburse Other Departments decreases to \$6,858 from \$25,000 budgeted in 2005.

Currently, DCD is the only agency that accepts, manages, and markets tax-foreclosed property. In the past, the department received resources from both the City budget and CDBG budget for this function. In 2006, the tax levy funded account will be managed under a new \$200,000 Land Management Special Purpose Account.

SPECIAL FUNDS

\$84,957 is provided for Special Funds-Economic Development Marketing, the same level provided in 2005.

EQUIPMENT PURCHASES

None.

PERFORMANCE MEASURES

Housing Investments: Tax Deed Properties

The Department of City Development is responsible for maintaining delinquent tax properties, including acting as a landlord if there is a tenant present, paying utility bills, and yard maintenance. **Tax levy funding for tax-deed property maintenance was eliminated in 2005.**

DCD worked with the office of the City Attorney, the Budget Office, and the CDBG office to devise strategies to (1) reduce the cost of processing tax foreclosed properties, and (2) identify other resources to pay the costs of processing these properties.

In 2006, DCD anticipates using a new Land Management Special Purpose Account to continue this activity. The SPA will be used to market property owned by the City and RACM, and to maintain and manage the existing inventory of tax foreclosed properties that have not yet been sold and placed back on the tax rolls. In addition, DCD estimates that the funding will allow the department to handle approximately 200 tax-foreclosed properties in 2006. Each tax deed property requires about \$3,500 in costs to the City, which can potentially be recovered at the time the property is sold.

SPECIAL PURPOSE ACCOUNTS

2006 PROPOSED SPECIAL PURPOSE ACCOUNTS – DEPARTMENT OF CITY DEVELOPMENT				
	2005	2006		%
	<u>BUDGET</u>	<u>PROPOSED</u>	<u>CHANGE</u>	<u>CHANGE</u>
Board of Zoning Appeals	\$281,817	\$314,468	+\$32,651	+11.59%
Business Improvement Districts	\$187,000	\$193,000	+\$6,000	+ 3.21%
Economic Development Fund	\$4,761,827	\$5,388,818	+\$626,991	+13.17%
Land Management*	-0-	\$200,000	+ \$200,000	N/a
Milwaukee Arts Board-Projects	\$172,800	\$172,800	-0-	-0-
Milwaukee Fourth Of July Commission	\$130,000	\$100,000	-\$30,000	- 23.08%
Regional Economic Development Initiative*	-0-	\$100,000	+ \$100,000	N/a
TOTAL	\$5,533,444	\$6,469,086	+\$935,642	+16.91%

Board of Zoning Appeals - The 1998 Budget shifted the Board of Zoning Appeals (BOZA) to a special purpose account (SPA). The 2006 Proposed Budget provides \$314,468 for BOZA salaries, fringes, and operating expenditures, compared to \$281,817 provided in 2005. The \$32,651 or 11.59% increase is due to increased personnel costs, excluding those for member Board of Zoning Appeals and Member Alternate Board of Zoning Appeals positions. Total Operating Expenditures remain unchanged from the \$51,494 provided in 2005 and 2004.

EXPENDITURE TRENDS				
<u>2004 Actual</u>	<u>2005 Budgeted</u>	<u>% Change</u>	<u>2005 Proposed</u>	<u>% Change</u>
\$253,352	\$281,817	+11.24%	\$314,468	+11.59%

Business Improvement Districts – Beginning in 2003, BID self-supporting activity and loan repayment funds have moved from the BID Special Purpose Account to the new Economic Development Fund Special Purpose Account. The 2006 Proposed Budget provides \$193,000 for city contributions to BIDs, compared to \$187,000 in 2005 and \$169,000 in 2004. City contributions for BID #2, Historic Third Ward, increase from \$18,000 to \$36,000 in 2005, and to \$42,000 in 2006. Operating Plans for years 2004 and 2005 were amended to stipulate the increased city contributions to 2005 and 2006 riverwalk maintenance costs. (see page 7)

EXPENDITURE TRENDS				
<u>2003 Actual</u>	<u>2004 Budgeted</u>	<u>% Change</u>	<u>2005 Proposed</u>	<u>% Change</u>
\$169,000	\$169,000	+0.00%	\$187,000	+10.65%

Economic Development Fund – Beginning in 2003, BID self-supporting activity and loan repayment funds have moved from the BID Special Purpose Account to the new Economic Development Fund Special Revenue Account. The 2006 Proposed Budget provides \$5,784,254 for 2006 activities, compared to \$5,388,818 in 2005.

The 2006 Proposed BID activity is shown on page 7. As conditions within the Business Improvement Districts improve, property values should increase, providing increased tax revenues. Exempt properties are not on the tax roll, imposing an adverse effect on the BID property tax base.

The proposed BID activity level is subject to change any time before the Community and Economic Development Committee and the Common Council adoption of the Year 2006 Operation Plans resolution for 2006 BID activities.

EXPENDITURE TRENDS				
<u>2004 Actual</u>	<u>2005 Budgeted</u>	<u>% Change</u>	<u>2006 Proposed</u>	<u>% Change</u>
\$4,623,673	\$5,388,818	+16.55%	\$5,784,254	+7.34%

SPECIAL REVENUE ACCOUNT – ECONOMIC DEVELOPMENT FUND

2006 PROPOSED BUDGET BID FUNDING

The 2006 Proposed budget separates total Business Improvement District funding amongst the Business Improvement District Special Purpose Account and an Economic Development Fund special revenue fund, capital funding excluded.

<u>BID 3</u>	<u>BID NAME</u>	<u>CITY GRANT</u>	<u>SELF SUPPORTING</u>	<u>LOAN REPAYMENT</u>	<u>TOTAL</u>
2	Historic 3rd Ward	\$ 42,000	TBD	TBD	\$ 610,841
3	Riverwalk		TBD	TBD	111,276
4	Greater Mitchell St.	25,000	TBD	TBD	106,560
5	Westown	18,000	TBD	TBD	94,823
8	Historic King Dr.	21,000	TBD	TBD	160,313
9	735 W Water - Riverwalk		TBD	TBD	23,682
10	Avenues West	12,000	TBD	TBD	165,999
11	Brady St. Business Area		TBD	TBD	153,967
13	Oakland Ave.		TBD	TBD	53,500
15	Riverwalks	40,000	TBD	TBD	388,042
16	Uptown Triangle		TBD	TBD	91,270
17	Northwest Area Business / 76th & Brown Deer		TBD	TBD	48,150
19	Villard		TBD	TBD	94,410
20	North Ave./ Prospect/ Farwell		TBD	TBD	181,959
21	Downtown Mgmt District	35,000	TBD	TBD	2,633,198
25	Riverworks		TBD	TBD	176,996
26	The Valley (Menomonee)		TBD	TBD	24,238
27	Burleigh/ Sherman		TBD	TBD	41,778
28	North Avenue Gateway District		TBD	TBD	29,966
29	(ACT) Atkinson/ Capital/ Teutonia		TBD	TBD	65,495
31	Havenswood - National Avenue*		TBD	TBD	148,088
32	5 th Ward - Amani*		TBD	TBD	71,054
35	Becher/KK		TBD	TBD	23,001
36	Riverworks II		TBD	TBD	50,000
37	Center Street Market Place		TBD	TBD	50,000
38	Cesar E. Chavez Dr.		TBD	TBD	50,000
39	5 th Ward		TBD	TBD	50,000
40	ICC		TBD	TBD	50,000
41	Midtown		TBD	TBD	50,000

* Totals Proposed (subject to change by amendment) \$ 193,000 \$ TBD \$ TBD \$ 5,784,254

City Contributions - The \$193,000 city contributions are funded through the Business Improvement District Special Purpose Account.

Self-Supporting Funds –Self Supporting Funds are funded through the Economic Development Fund special revenue fund, created in the 2003 adopted budget.

Loan Repayments –Loan Repayments are funded through the special Economic Development Fund special revenue fund, created in the 2003 adopted budget.

Land Management Fund – In 2006, a land management fund is proposed for the purpose of replacing lost CDBG funding for tax deed property management. Federal regulations limit the period that the city can manage vacant parcels funded with CDBG monies to 3 years, after which, alternative funding sources must be secured to continue the necessary property maintenance.

EXPENDITURE TRENDS				
<u>2004 Actual</u>	<u>2005 Budgeted</u>	<u>% Change</u>	<u>2006 Proposed</u>	<u>% Change</u>
\$-0-	\$-0-	n/a	\$200,000	n/a

Milwaukee Arts Board Projects - The 2006 Proposed Budget provides \$172,800 for this special purpose account, the same level provided in 2005, to fund activities that promote and support cultural diversity in the artistic life of the City, the formation and growth of programs, and the development and enjoyment of the arts.

EXPENDITURE TRENDS				
<u>2004 Actual</u>	<u>2005 Budgeted</u>	<u>% Change</u>	<u>2006 Proposed</u>	<u>% Change</u>
\$201,596	\$172,800	-14.29%	\$172,800	-0-%

Milwaukee Fourth of July Commission - The Fourth of July Commission was created under Section 320-25 of the Milwaukee Code and is responsible for providing suitable activities for the celebration of the Fourth of July in 16 Milwaukee County parks. The 2006 Proposed Budget provides \$100,000 for this special purpose account to pay for event prizes, contracted musicians, and miscellaneous event costs associated with the Fourth of July celebration. In 2006, the Mayor and Commission plan to solicit greater contributions from local businesses to cover the decrease in city contributions.

EXPENDITURE TRENDS				
<u>2004 Actual</u>	<u>2005 Budgeted</u>	<u>% Change</u>	<u>2006 Proposed</u>	<u>% Change</u>
\$128,700	\$130,000	+1.01%	\$100,000	-23.08%

Regional Economic Development Initiative – A new account, this multi-year, 7 County job retention, expansion, and attraction campaign is spearheaded by the Mayor, Greater Milwaukee Committee and Milwaukee Metropolitan Association of Commerce. The initiative is the result of a yearlong analysis of best practice models in other regions of the country like Cincinnati, Columbus, Cleveland, Chicago, Atlanta, and other major metropolitan areas. Over 5 years, the anticipated cost investment needed is \$12 million, primarily from private sources. The City's commitment is \$100,000.

EXPENDITURE TRENDS				
<u>2004 Actual</u>	<u>2005 Budgeted</u>	<u>% Change</u>	<u>2006 Proposed</u>	<u>% Change</u>
\$-0-	\$-0-	N/a	\$100,000	N/a

CAPITAL IMPROVEMENT ACCOUNTS

The 2006 Proposed Budget provides \$53,350,000 for DCD capital improvement accounts, an increase of \$26,700,000 (100.19%) from the \$26,650,000 provided in 2005. Various proposed department priority capital project listings require the following capital budgets in 2006:

CAPITAL ACCOUNTS	2005 BUDGET	2006 PROPOSED	2005-2006 CHANGE	2005-2006 % CHANGE
ADVANCED PLANNING FUND	150,000	150,000	\$-0-	0.00%
BUSINESS IMPROVEMENT DISTRICT	500,000	500,000	\$-0-	0.00%
DEVELOPMENT FUND	2,000,000	2,200,000	+ \$200,000	+ 10.00%
MUNICIPAL ART FUND	25,000	25,000	\$-0-	0.00%
NEIGHBORHOOD COMMERCIAL DISTRICT - STREET IMPROVEMENT FUND	500,000	500,000	\$-0-	0.00%
TAX INCREMENTAL DISTRICTS*				
New Borrowing**				
Existing TIDs***		16,000,000		
Potentially new TIDs		28,300,000		
TOTAL (excluding Developer Financed and, in 2006, capitalized interest)	20,000,000	44,300,000	+ \$24,300,000	+ 121.50%
TID DEVELOPER INCREMENT PAYMENTS	3,500,000	4,200,000	+ \$700,000	+20.00%
CAPITALIZED INTEREST	-0-	1,500,000	+ \$1,500,000	+ 100.00%
Total TID Related Capital Improvement Budgets	23,500,000	50,000,000	+ 26,500,000	+112.77%
TOTALS	\$26,675,000	\$53,375,000	+\$26,700,000	+101.19%

*It also carries forward a footnote reserving \$2 million in 2005 new borrowing authority for TID No. 53-Menomonee Valley bridge and paving works.

**Totals do not include \$12,200,000 for Potential new Developer-Financed TIDs (see BMD2-450.09)

***\$10 million required for Section 108 guarantee for the TID no. 53-Menomonee Valley pursuant to CC Resolution 031042 adopted 11/25/2003. Section 108 loan risk guarantees may reduce annual CDBG entitlements.

Advanced Planning Fund - \$150,000;

The 2006 Proposed budget provides \$150,000 for preliminary planning studies and research costs for the following proposed priority projects:

- Economic Studies, \$25,000
- Special Engineering & Technical Studies, \$25,000
- Northeast side plan, \$25,000
- Near North side plan, \$37,500
- New South side plan, \$37,500

Business Improvement Districts - \$500,000;

In 2005 and 2006, this capital account is funded at \$500,000, per year to provide prevailing market rate interest loans to qualifying Business Improvement Districts. DCD prepares annual priority lists, without firm fund commitments, for various BID Fund projects. The most current 2005-2006 priorities reported to the LRB list:

- BID 10-Phase II; estimated **\$164,533**
- BID 16-Lisbon Lighting Phase II; estimated **\$103,557**
- BID 25-Riverworks Streets; estimated **\$9,073**
- BID 27-Burleigh Street Lighting; estimated **\$225,000**
- BID 28-North Avenue Gateway; estimated **\$3,050**
- BID 31-Havenwood; estimated **\$200,000**
- BID 29-Atkinson/Teutonia/Capital; estimated **\$300,000**
- BID 32-North Ave/Fondy Market; estimated **\$200,000**
- BID 35-Becher/KK; estimated **\$250,000**

Development Fund - \$2,200,000;

The 2006 Proposed budget provides \$2.2 million compared to \$2 million provided in 2005. Generally, the Fund assists projects that do not qualify for TID classification. The department proposes using the appropriation to fund priority projects, including façade grants, the façade loan program, retail investment fund, brownfield cleanups, business improvement district support, commercial revitalization, job training, new homes incentives, and neighborhood street improvement/spot.

Neighborhood Commercial Development District Street Improvement Fund - \$500,000;

As has been the case in prior budgets, the 2006 Proposed Budget provides \$500,000 to support commercial district streetscape projects through the Neighborhood Commercial District Street Improvement fund. The most current 2005-2006 priorities reported to the LRB list:

- BID 17-N 76th Street Landscape Replacement; estimated **\$40,000**
- BID 26-Menomonee Valley; estimated **\$203,000**
- BID 27-Burleigh Street Lighting; estimated **\$187,500**
- BID 31-Havenwood; estimated **\$400,000**
- BID 29-Atkinson/Teutonia/Capital; estimated **\$250,000**
- BID 32-North Ave/Fondy Market; estimated **\$200,000**
- BID 35-Becher/KK; estimated **\$250,000**
- Various unspecified Commercial Districts; estimated aggregate **\$7,238**
- Greenfield Banners; estimated **\$7,000**
- East North Avenue; estimated **\$12,500**
- South 4th Becher; estimated **\$75,000**
- Historic 3rd Ward Enhancement; estimated **\$18,262**

Municipal Art Fund - \$25,000;

Pursuant to 304-27 of the Milwaukee Code of Ordinance, the Municipal Art Fund appropriations for capital expenditures are set aside for the acquisition of works of art to be used for city buildings and public facilities in order to encourage an appreciation of the visual arts and the development of artists and craftsmen.

Tax Incremental Financed Urban Renewal Projects - \$50,000,000 (includes grant funded projects);

In 2006, the Department of City Development proposes funding Tax Incremental Districts (TIDs) using three primary capital improvement budgets; (1) \$44.3 million for TID new borrowing, and (2) \$4.2 million for TID Developer Revenues, a capital improvement project created in 2003, and a new (3) \$1.5 million Capital Interest capital improvement costs in 2006.

REVENUES

In 2006, Total Estimated Revenue equals \$1,472,600 compared to \$1,380,300 in 2005 (2006 BMD2). The budget line includes only that revenue recognized by the Comptroller. These estimates exclude the HACM payment in lieu of taxes (PILOT) and other revenue estimates for agencies administered by the DCD (NIDC, RACM, HACM and MEDC) whose budgets are not under the control of the Common Council.

Description/Type	2005 Estimate	2006 Estimate	Change
Zoning Change Fees	\$ 33,000	\$ 45,000	+ 12,000
Plan Exam - DCD	\$550,000	613,900	+ 63,900
Charges for Services	\$467,200	513,700	+ 46,500
Miscellaneous – DCD Property Sales	\$ -0-	50,000	+ 50,000
Rent	\$315,000	250,000	-65,000
<i>Total Estimated Revenues, excluding HACM PILOT</i>	<u>\$1,365,200</u>	<u>\$1,472,600</u>	<u>+\$107,030</u>

The Zoning Charge Fees and Plan Exam fees are budgeted as Licenses and Permits in the general city revenue category, and Property Sales and Rent are budgeted under Miscellaneous. Recognizable revenue in these categories decreases by 44.75% and 20.38%, respectively.

DEPARTMENT OF CITY DEVELOPMENT'S (DCD) 2006 ESTIMATED REVENUES					
<i>(Source: 2006 Budget, BMD-2)</i>					
	2004	2005	% Change	2006	% Change
CHARGES FOR SERVICES	\$1,214,194	\$467,200	-61.53%	\$513,700	+ 9.96%
LICENSES AND PERMITS	\$888,459	\$583,000	-34.38%	\$658,900	+ 13.02%
<u>MISCELLANEOUS</u>	<u>\$271,373</u>	<u>\$315,000</u>	+ 16.08%	<u>\$255,000</u>	- 19.05%
TOTAL	\$2,645,399	\$1,365,200	- 48.48%	\$1,427,600	- 4.57%

In 2004, actual Charges for Services \$1,214,194 exceeded the Comptroller's \$510,854 estimate.

GRANTS

Based on 2006 Grant Revenue Estimation and DOA-Block Grant Administration's Year 2006 Request for Proposal by Category Entitle Funds worksheets, DCD anticipates receiving \$6,533,028 in grant revenue in 2006, the same level provided in 2005.

DEPARTMENT OF CITY DEVELOPMENT'S (DCD) 2006 ESTIMATED GRANT REVENUES			
Grantor	Project	2005	2006
CDBG for DCD/NIDC/RACM	Various	\$5,830,949	\$5,433,028
MEDC	Loan Specialist Position (Salaries & Fringes)	\$60,000	\$60,000
State Historical Society of WI*	Historic Preservation Grant	\$10,000	\$24,650
U.S. Department of EPA	Brownfield (Various)	\$500,000	\$1,000,000
U.S. Department of HUD	Economic Development Initiatives Grant (Industries)	\$1,000,000	\$1,000,000
WI Arts Board*	Arts Board	\$70,000	\$70,000
TOTAL		\$7,470,949	\$7,587,678

**Includes 50% city match*

AGENCIES STAFFED BY THE DEPARTMENT OF CITY DEVELOPMENT

The following discussion relates to activities of various agencies administered by the Department of City Development. The budgets of these agencies are not under the control of the Common Council. These agencies assisted in developing housing units throughout the city. The cumulative efforts of DCD and these agencies added 571 new housing units throughout the city in the past 12-months (see table on next page). Housing activities will be funded in large part using CDBG, HOME and Tax Incremental District Capital Improvement financing. The department prepared its budget assuming that the Common Council will authorize the following entitlement extensions, allocations, and \$600,000 in reprogramming for 2006.

2006 CDBG Allocations (see page 14 for RACM):

Admin – Historic Preservation	\$115,398
Administration – DCD	\$417,053
Mainstreets	\$ 74,000
Façade Improvement Grants	\$152,294
Retail Investment Fund	\$102,294
Summer Youth Internship	\$350,000
Housing-Affordable Housing	\$250,000
Owner-Occupied, Home Rehab	\$550,000
DCD Housing Program Income	\$700,000

2006 HOME Allocations:

DCD Housing	\$2,000,000
DCD Housing Program Income	\$1,500,000

(Submitted by DCD on 10/11/2005)

Affordable Housing Initiatives the Common Council has take action on in the last 12 mon.

COUNCIL ACTION TAKEN

I. Low Income Housing Tax Credit Projects

Project	Total Units	Affordable Units	Type	Estimated Investment	City/Federal Participation	Other Council Action
Kramer Lofts/151 East Seeboth	55	43	New Construction	9,500,000		Zoning Change
Schuster Historic Building/1020 West Historic Mitchell Street	90	76	Adaptive Reuse	13,800,000		
Touissant Square/3400 West North Avenue	23	23	New Construction	4,800,000		Land sale
Convent Hill/1325 North Jefferson	80	80	Replacement of Existing	10,700,000	\$4,000,000(1)	
New Village/Scattered Site - Hadley/Center	24	24	New Construction	3,800,000		Land Sale
Park East Enterprise Lofts/1407 North MLK Drive	85	67	New Construction	10,100,000		Zoning Change
Dr. Wesley Scott Senior Living Community/2802 West Wright	80	74	Adaptive Reuse	9,600,000	\$175,000	Zoning Change
Columbia Square/3300 West North Avenue	22	22	New Construction	3,800,000	\$250,000	
Leon Sullivan Townhomes/Scattered Site 5th-7th St./Locust-Keefe	24	24	New Construction	3,900,000	\$7,500,000(1)	Land Sale
Cherry Court Housing Development/1525 North 24th	120	120	Replacement of Existing	14,000,000		
Garden Place/8425 North 107th	62	57	New Construction	6,700,000		Zoning Change
Johnson Park Lofts/1860 West Fond du Lac	23	23	Adaptive Reuse	4,600,000	\$140,000	
London Square Apartment Homes/2035 West Galena	115	115	Rehab of Existing	10,600,000		Special privilege - fencing
Subtotal	803	748		105,900,000	\$12,065,000	

(1) HOPE VI and other Federal Funding

II. CDBG/HOME funding

Category	Total Units	Affordable Units	Type	Estimated Investment	City/Federal Participation	Other Council Action
Housing Production	51	51	New Construction/Rehab	\$2,553,000		
Neighborhood Improvement Project	126	126	Rehab	\$3,410,000		
Minor Home Repair	460	460	Rehab	\$460,000		
American Dream Downpayment Initiative	62	62	New Construction/Rehab	\$419,000		
NIDC	250	240	New Construction/Rehab	\$2,163,000		
Emergency Housing/Transitional Housing			Operating Support	\$1,419,700		
Housing Opportunities for People with Aids			Operating Support	\$512,000		
Subtotal	949	939		\$13,700,000 (2)	\$10,936,700	

(2) Estimated based on leverage ratio of \$1.25/\$1

III. Other Affordable Housing Initiatives:

Habitat for Humanity	36	36	New Construction	\$3,960,000		Land Sale
Lindsay Heights	100	70	New Construction/Rehab	\$6,250,000	\$1,000,000	TID funding
Housing Authority of the City of Milwaukee	31	31	New Construction	\$5,200,000	\$5,200,000(3)	Land Sale
Subtotal	167	137		\$15,410,000	\$6,200,000	

(3) HOPE VI and other Federal Funding

Total Units Represented Above: 1,919
 Total Affordable Units Represented Above: 1,824
 New units Created: 571
 Existing units rehabbed or replaced: 1,253
 Estimated City/Federal Financial Support: \$29.2 million
 Estimated Total Investment: \$135 million

Redevelopment Authority of the City of Milwaukee (RACM)

Non-CDBG grants received by RACM are not under the control of the Common Council. The Common Council adopts annual CDBG entitlements and reprogramming allocations under actions separate from the city budget. \$2,171,793 in requested YR 2006 CDBG entitlements funding support activities such as:

- \$611,573 RACM Land Management
- \$147,639 Brownfield Initiatives
- \$669,368 Administration
- \$718,213 RACM Spot Acquisition
- \$25,000 Renewal Communities Planning & Implementation

Housing Authority of the City of Milwaukee (HACM)

Funding: The Federal Government Department of Housing and Urban Development (HUD) provides the principal funding for HACM activities. HUD subsidizes the cost of managing public housing and the revenues received from 30 percent of residents' income.

The 2006 Proposed budget provides for a \$800,000 Taxes and Payments in Lieu of Taxes remittance to the City from the Housing Authority, compared to \$855,000 budgeted in 2005 and \$895,367 provided in 2004.

Several HACM projects qualify for HUD grants, tax credits, or receive other private and public sector funding. The department adjusts annual estimates **after the city budget is adopted**.

Program	2005 Funding Level	2006 Estimated Funding Level	2005 - 2006 Change	% Change 2005 Funding to 2006 Estimate
PUBLIC HOUSING PROGRAMS:				
1. LOW INCOME HOUSING				
-Rental Income and Reserves	\$13,880,680	\$15,000,000	1,119,320	8.07 %
-Federal Operating Subsidy	8,989,000	7,000,000	(1,989,000)	(22.13) %
Subtotal:	<u>\$22,869,680</u>	<u>\$22,000,000</u>	<u>(869,680)</u>	<u>(3.81) %</u>
2. Capital Funding Program (Oct.-Sept.)	7,480,000	6,500,000	(980,000)	(13.11) %
3. URBAN REVITALIZATION (HOPE VI)				
Highland	5,000,000	-0-	(5,000,000)	(100) %
Scattered Sites	4,500,000	4,500,000	-0-	-0- %
Cherry	1,000,000	1,000,000	-0-	-0- %
4. RENT ASSISTANCE PROGRAM	27,500,000	28,550,439	1,050,439	3.82 %
5. VETERANS HOUSING (O&M)	5,670,320	5,700,000	29,680	0.52 %
6. Residential Service Delivery Models	150,000	150,000	-0-	-0- %
7. Residential Opportunities Self-Sufficiency	300,000	300,000	-0-	-0- %
8. USDA GRANT	125,000	-0-	(125,000)	(100) %
9. OTHER GRANTS (Homeland, Neighborhood Works Drug Free Communities)	<u>260,000</u>	<u>275,000</u>	<u>15,000</u>	<u>5.77 %</u>
Total:	<u>\$74,855,000</u>	<u>\$68,975,439</u>	<u>(\$5,879,561)</u>	<u>7.85 %</u>

SOURCE: DCD05REIMBI.XLS SPREADSHEET DATED 4/29/2005

Neighborhood Improvement Development Corporation (NIDC)

Sixty authorized positions returned to the Department of City Development in 2003 although several were vacant and unfunded. The number of positions funded has decreased steadily over the past several years from 38 positions in 2004, 21 in 2005, and 20 in 2006. In 2005, DCD integrated all NIDC programs, staff, and its various budgets (CDBG, HOME, Reprogramming, Program Income, etc.) into the DCD department structure. Before returning to DCD, annual CDBG, HOME, and program income supported the following NIDC activities:

- Targeted Investment Neighborhood Program (TIN)
- Assist in Creating Tax Incremental Districts
- Loan Portfolio Management and Administration
- Rental Rehabilitation Loan Program
- CityHomes Phase II
- Acquire/Rehab/Sell Program
- New Home Construction / Production

On behalf of NIDC, DCD anticipates receiving YR 2006 CDBG entitlements and YR 2006 HOME entitlement funding to support the following activities. HOME funding goes directly into the projects. NIDC does not receive entitlements for an Administration funding category. Due to HOME spending restrictions, significant amounts in CDBG entitlements often fund salaries and fringe benefits. Targeted Neighborhood Initiatives (TINs) are not funded in 2006.

Every year, NIDC makes loans to home owner-occupants and property owners who use loan funds to renovate their property. As with loans taken out from private banks, these loans are repayable over a period of years (program income). The portfolio consists of all loans for which borrowers continue to make repayments. According to DCD, "because all personnel who support NIDC are now City employees, rather than direct NIDC employees, the NIDC Board has expressed the desire that the loan portfolio be carried on the City's books. In accordance with a [forthcoming] recommendation from the Comptroller, the DCD will seek Common Council approval to transfer the portfolio to the City by the end of 2005". As of July 31, 2005, the portfolio included 2,113 outstanding loans valued at \$18,730,793.07.

Milwaukee Economic Development Corporation (MEDC)

The City provides most staffing and other services to MEDC through the Department of City Development under a service agreement that the Common Council periodically reviews. The current activities include:

- Support early stage technology companies
- Provide small business loans
- Collaborate with private and public agencies on Milwaukee's redevelopment strategy

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