

# **Milwaukee Promise: 2016**

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**Housing & Neighborhoods**

**May 18, 2016**

**Presentation for the Finance &  
Personnel Committee**

# Presentation Outline

1. Review Milwaukee property value and housing characteristics data
2. Review similar data from other cities
3. Identify important neighborhood conditions and trends
4. Discuss City strategies to improve housing & neighborhood conditions & related performance
5. Identify risks that impose on City strategies

# Property Values in Milwaukee

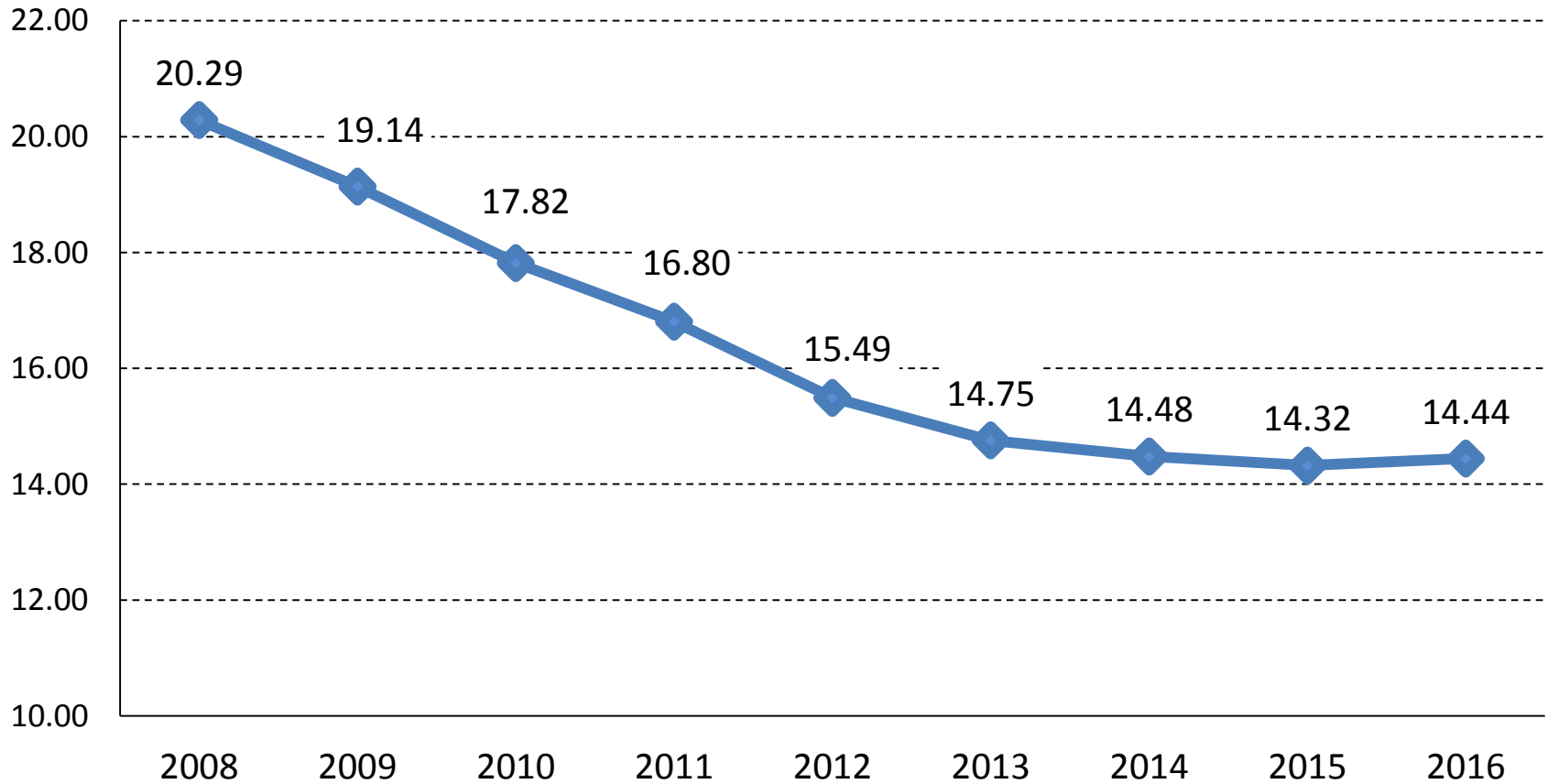
1. Property values are the market's expression of a location's desirability
2. Economic and social conditions play a major role in property value
3. Milwaukee's property values declined more than those in most Wisconsin cities post-2008
4. The decline has started to reverse
5. "Net new construction" reflects significant new investment in Milwaukee redevelopment

# Property Value Trend in Milwaukee, 2008-2016

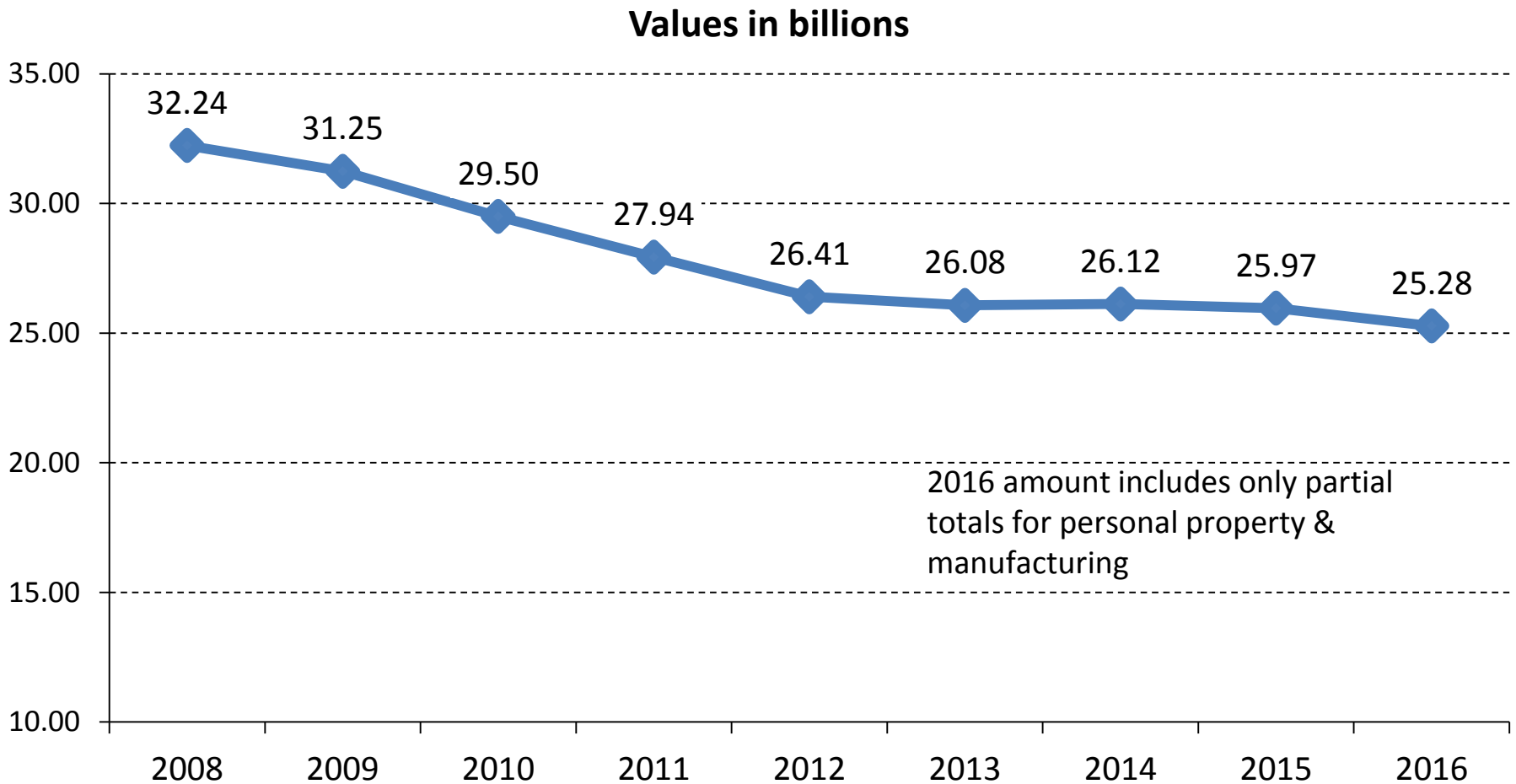
1. 19.4% decline in property value through 2015
2. Milwaukee's decline was second highest of the 11 largest WI cities
3. 2016 valuation indicates a positive move upward
4. Increasing number of Milwaukee neighborhoods are stabilizing or increasing in value
5. Trends have varied within the city
6. Recent data indicate significant investment in Milwaukee

# Residential Equalized Values 2008 to 2016

Values in billions



# Citywide Equalized Values: Total 2008-2015; Partial 2016



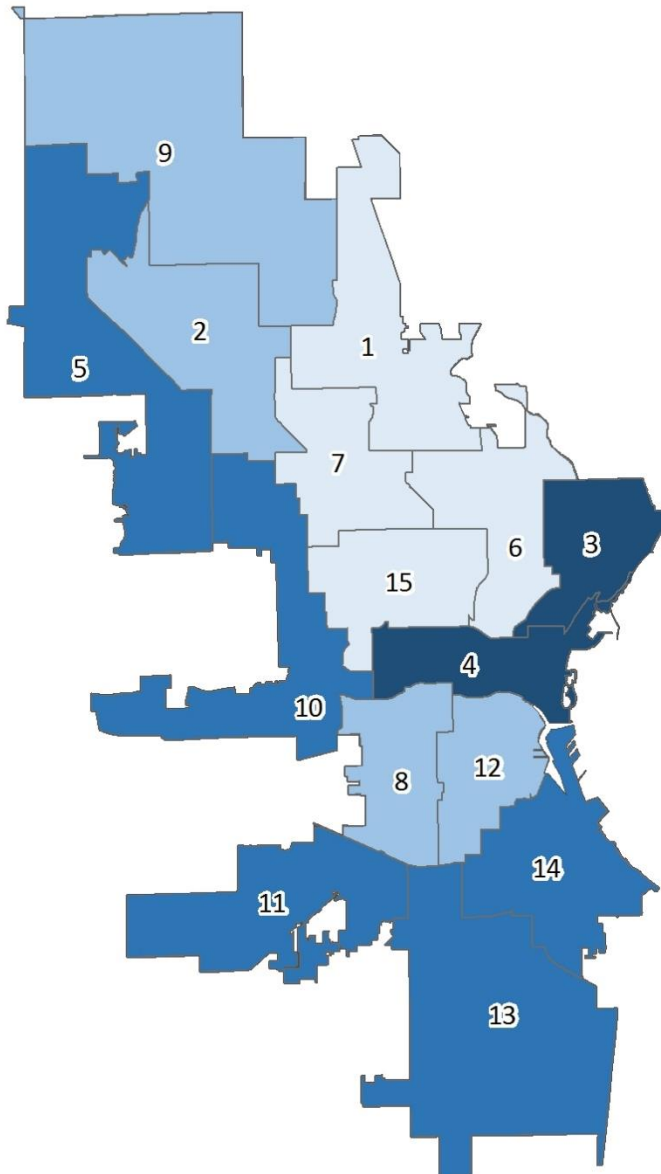
Sources: Wisconsin Dept. of Revenue – Statement of Equalized Values, reported annually 2008-2015; City of Milwaukee 2016 Revaluation Report

# Change in Neighborhood Residential Property Assessed Values

<b>2016 Revaluation</b>	<b>Single Family NBHDs</b>	<b>Duplex NBHDs</b>	<b>Apts 4-11 Units</b>	<b>Apts 12-20 Units</b>
# Increased in Value	52	41	16	11
# Remained even	68	82	22	5
# Decreased in Value	22	19	5	0
<b>Total</b>	<b>142</b>	<b>142</b>	<b>43</b>	<b>16</b>
<b>2015 Revaluation</b>				
# Increased in Value	37	25	8	5
# Remained even	80	80	31	11
# Decreased in Value	25	37	4	0
<b>Total</b>	<b>142</b>	<b>142</b>	<b>43</b>	<b>16</b>

# CITY OF MILWAUKEE

## Average Residential Assessed Value by Aldermanic District (2015)



### LEGEND

#### 2015 Average Residential Assessed Value

- \$65,000 or less
- \$65,001 to \$100,000
- \$100,001 to \$200,000
- Greater than \$200,000



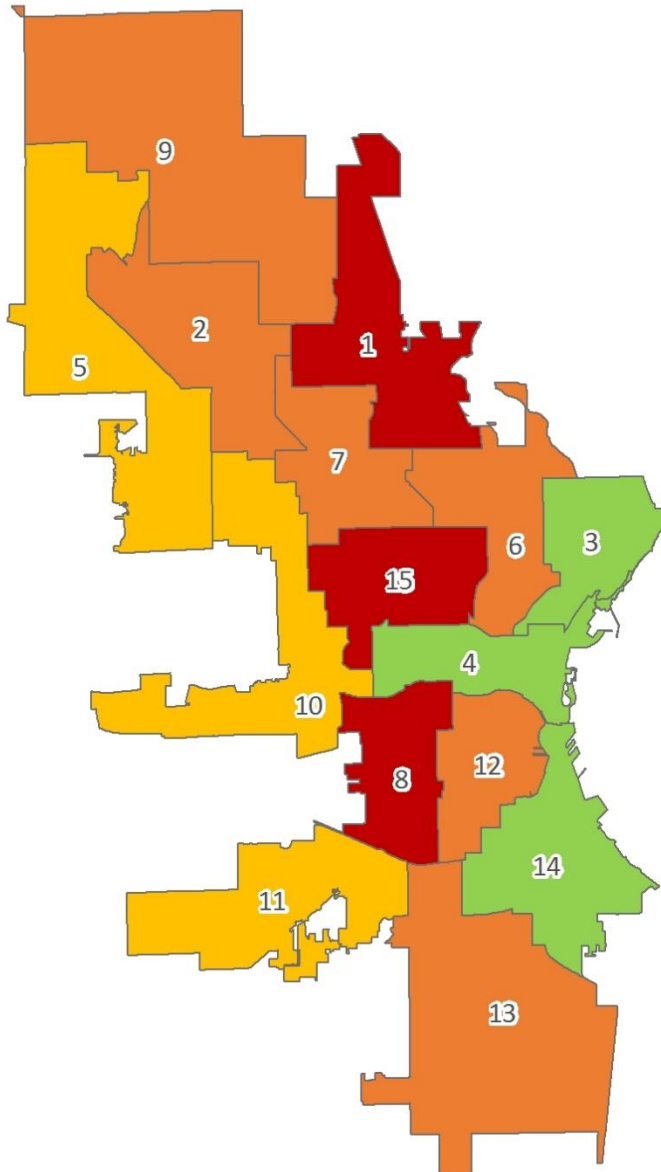
Source: City of Milwaukee Assessor's Office - 2015 Assessment and Taxes

Prepared by City of Milwaukee DOA-BMD-kqp, 03/31/16



# CITY OF MILWAUKEE

## Change in Average Residential Assessed Value by Aldermanic District (2013 - 2015)



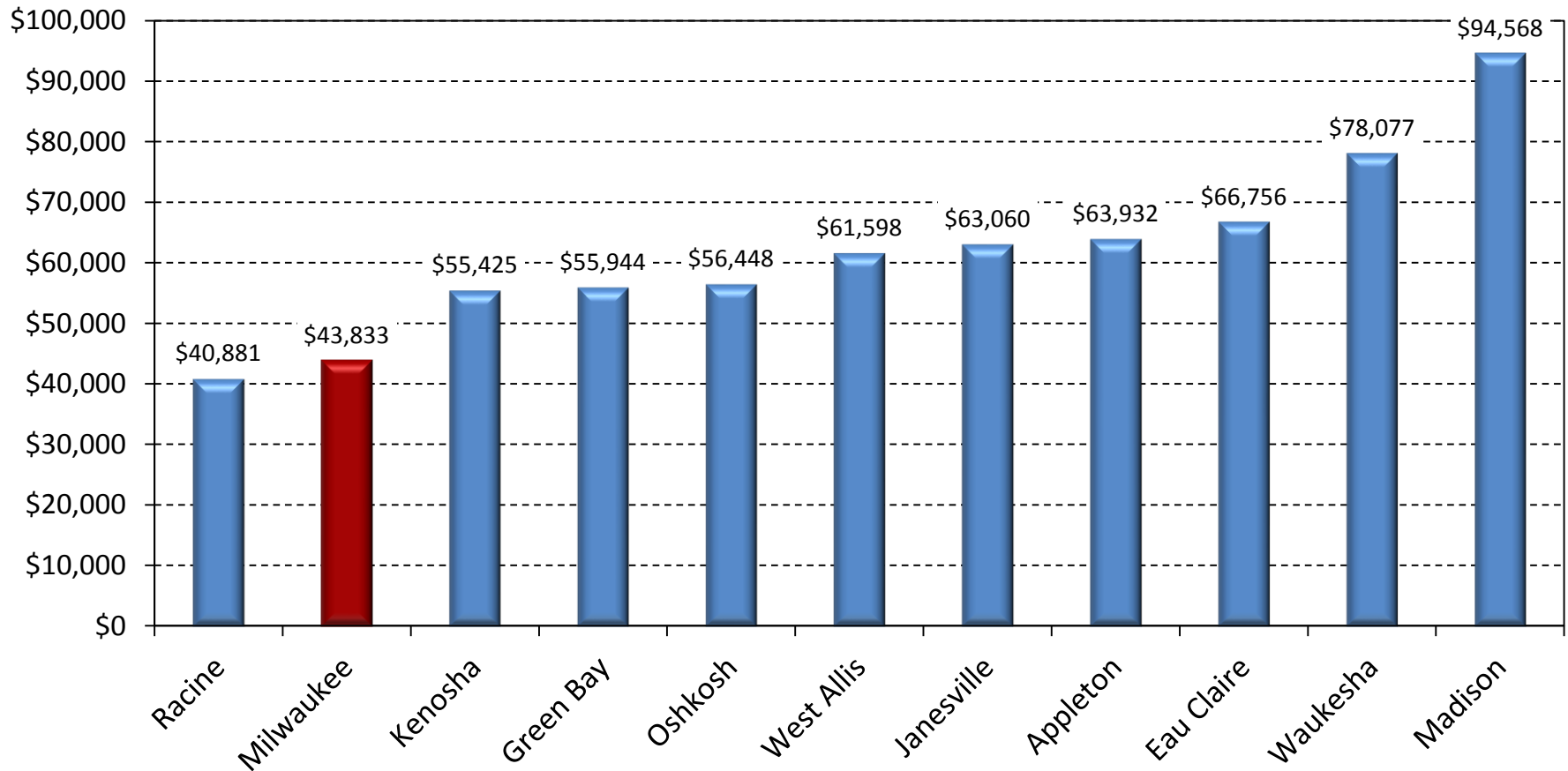
- Greater than 4% decrease
- 0 to 4% decrease
- 0 to 4% increase
- Greater than 4% increase



Source: City of Milwaukee Assessor's Office

Prepared by City of Milwaukee DOA-BMD-kqp, 04/19/16

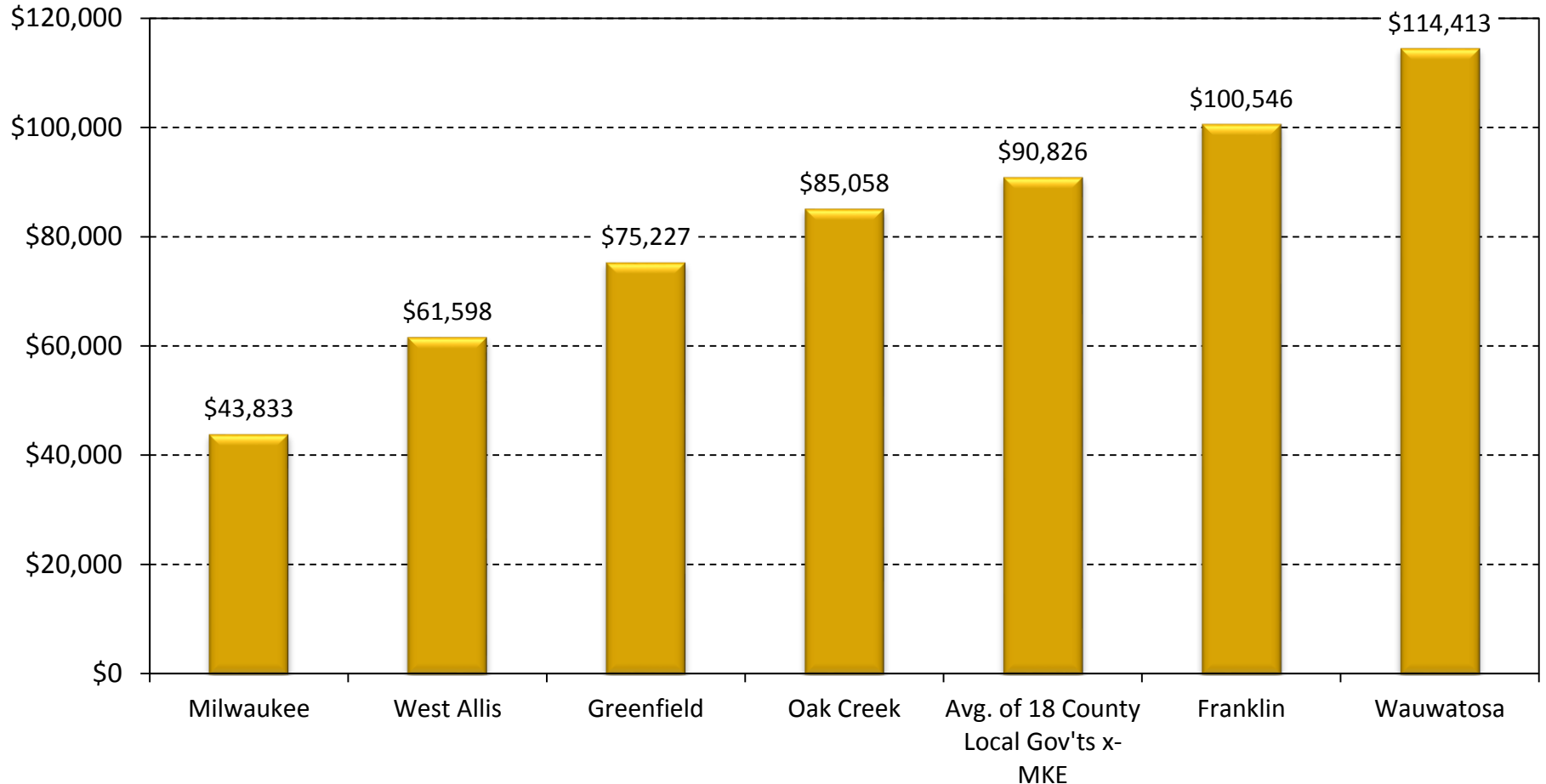
# 2014 Equalized Value per Capita, including TIF Value Increments: 11 Largest WI Cities



Note: Average of 11 Largest WI Cities : \$58,925; 10 largest, excluding Milwaukee: \$68,653

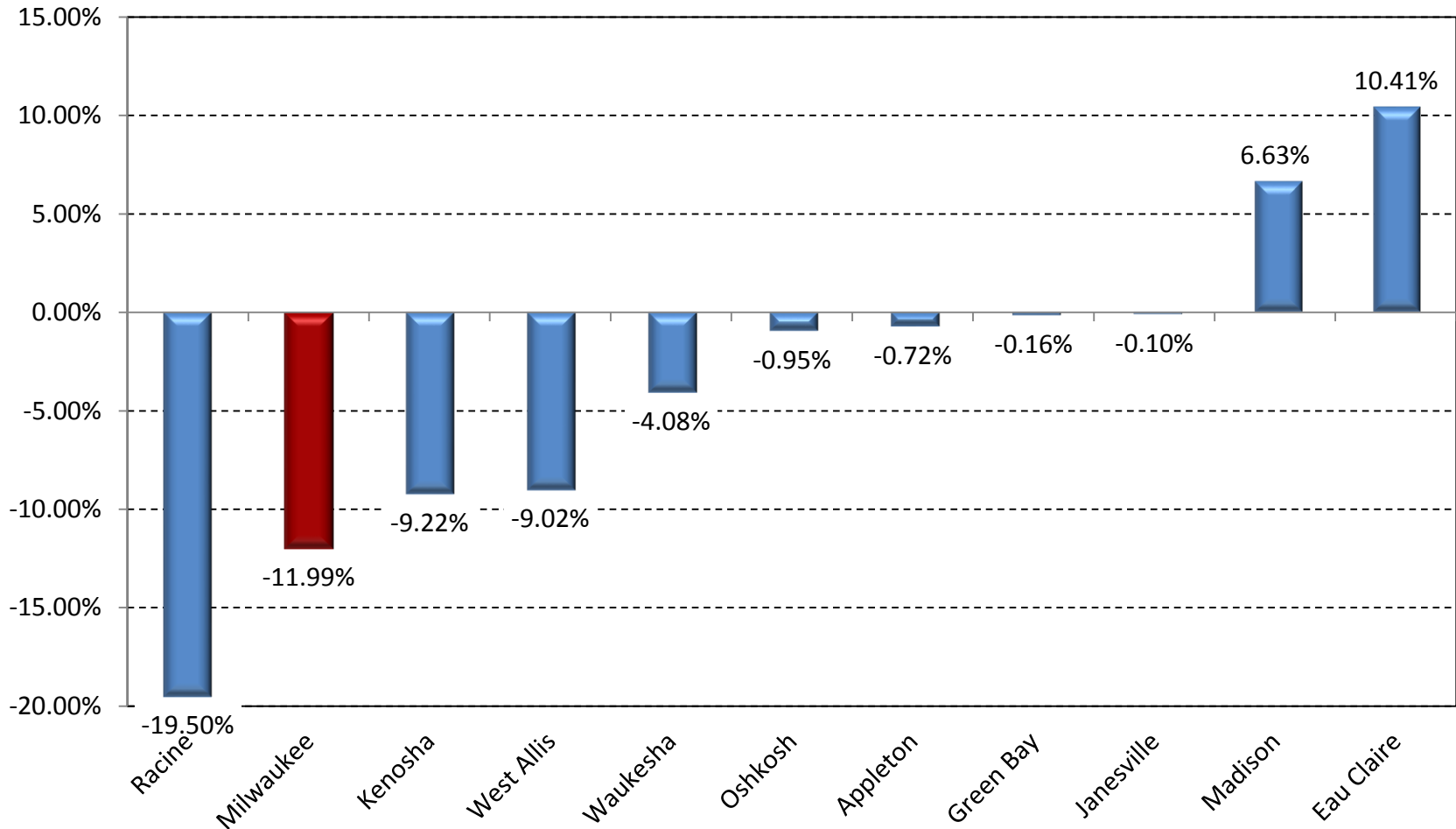
Source: Source: WI Dept. of Revenue, Town, Village, and City Taxes, 2014. Taxes Levied 2014/Collected 2015. Totals include TIF increments

# 2014 Equalized Value Per Capita, Including TIF Value Increments: Local Governments in Milwaukee County



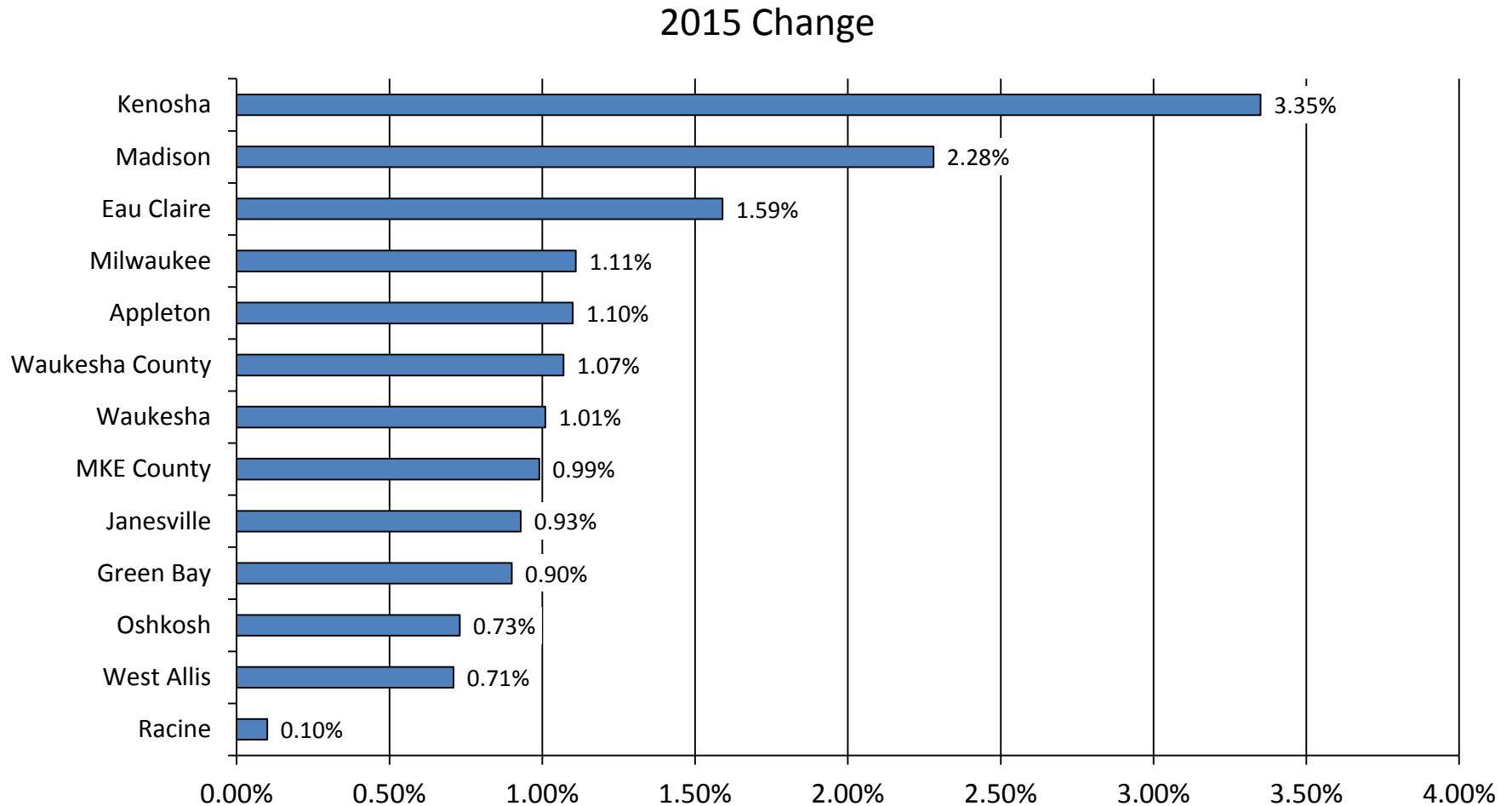
Source: Wisconsin Dept. of Revenue, Town Village and City Taxes, 2014; Taxes Levied 2014/Collected 2015. Totals include TIF increments.

# Percent Change in Equalized Value, 2010-2015, Including TIF Increments: 11 Largest WI Cities



Source: WI Department of Revenue, Debt Limit Reports for 2010 and 2015. Milwaukee experienced the 2nd largest decline in equalized value of the 11 largest WI cities between 2010 and 2015.

# 2015 Net New Construction Change: 11 Largest WI Cities and Milwaukee & Waukesha County



Note: MKE County and Waukesha County amounts are the change for the entire County. Includes TIF increments.

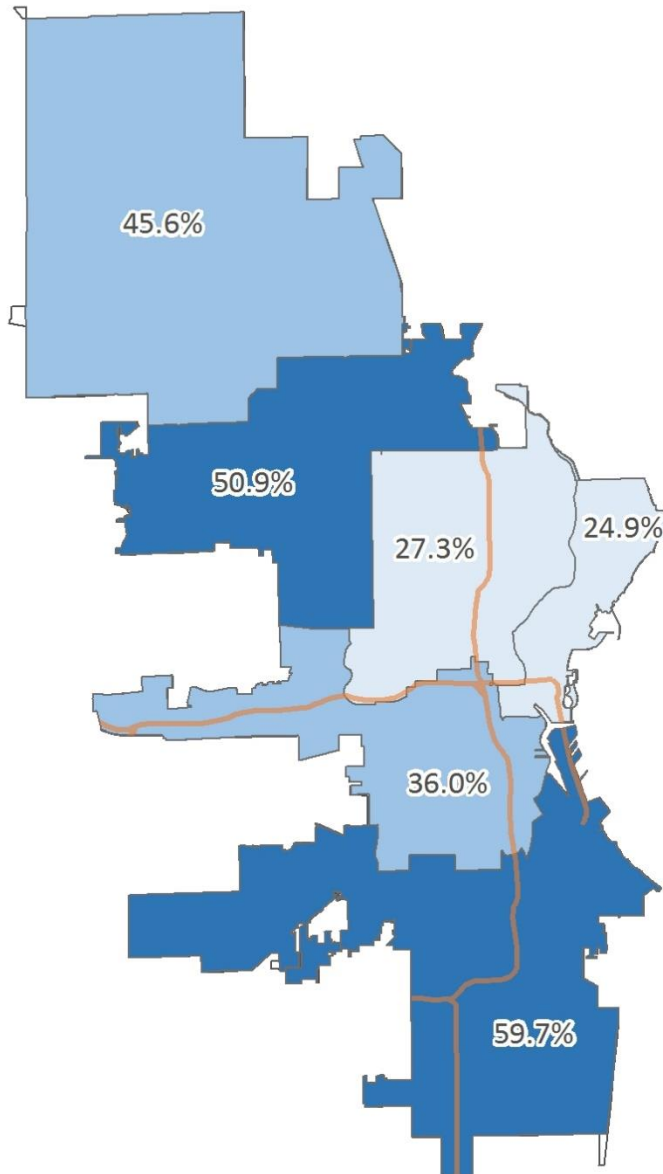
Source: Wisconsin Dept. Of Revenue, Net New Construction 2015; 10/01/15

# Milwaukee Challenges

1. Areas of relatively low owner occupancy coincide with high proportions of foreclosures and the City's inventory of improved properties.
2. 70% of the City's housing stock is 57 years old or older.
3. Housing cost burdens are especially prevalent for renters.
4. Milwaukee's relatively high incidence of housing cost burden, declining proportions of owner occupancy, and an aging housing stock pose challenges to housing investment.

# CITY OF MILWAUKEE

## Owner Occupancy Rates (2010-2014 Estimates)



### LEGEND

Percent of occupied housing units that are owner occupied

- 30% or less
- 30.1 to 50%
- Greater than 50%
- City Limit
- Interstate

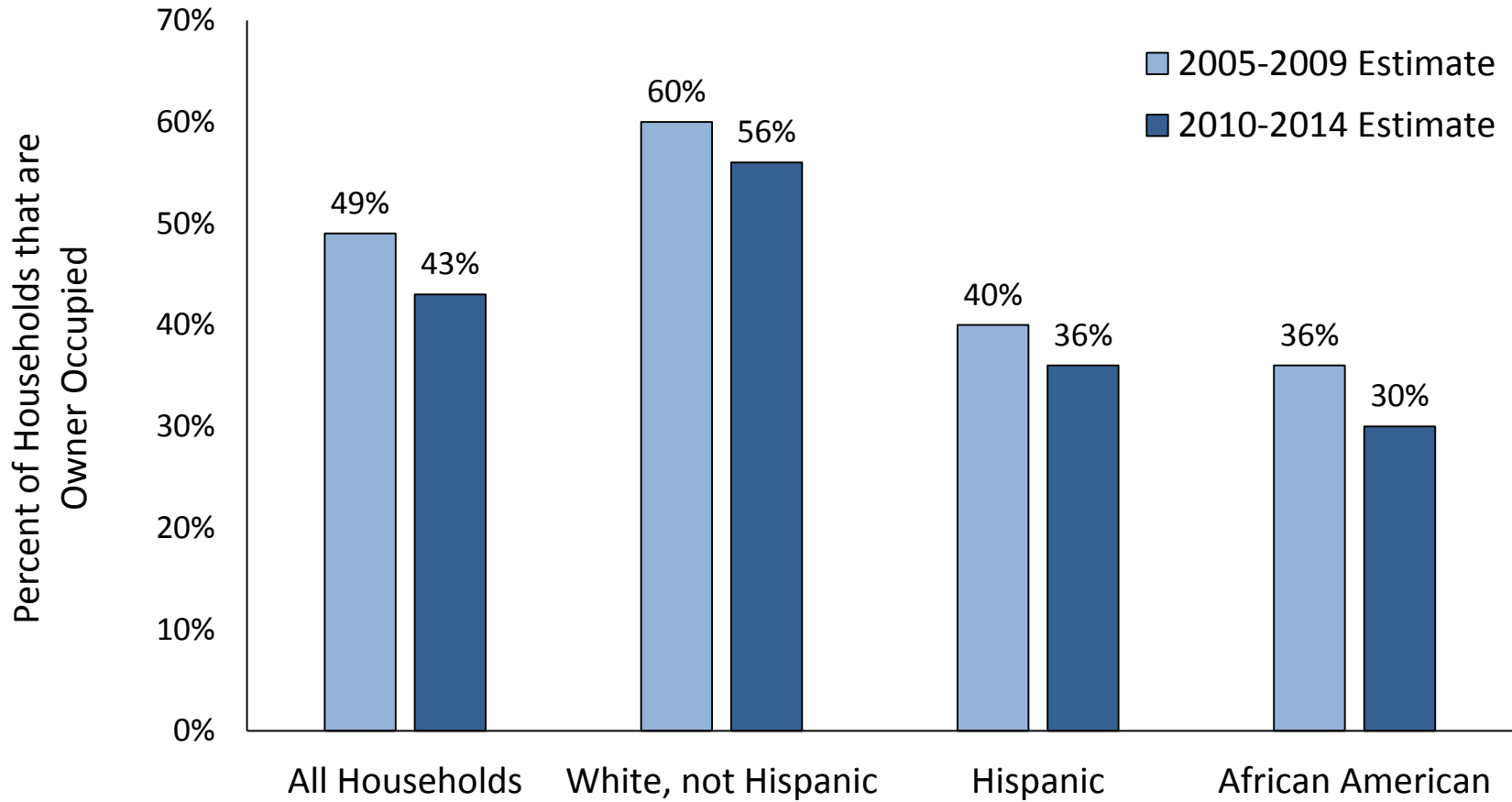


Source: US Census Bureau, 2010-2014 American Community Survey 5-Year Estimates, Public Use Microdata Areas (PUMA)

\*Derived estimate for PUMA 40101 (Downtown and East Side) excludes data outside of the City of Milwaukee

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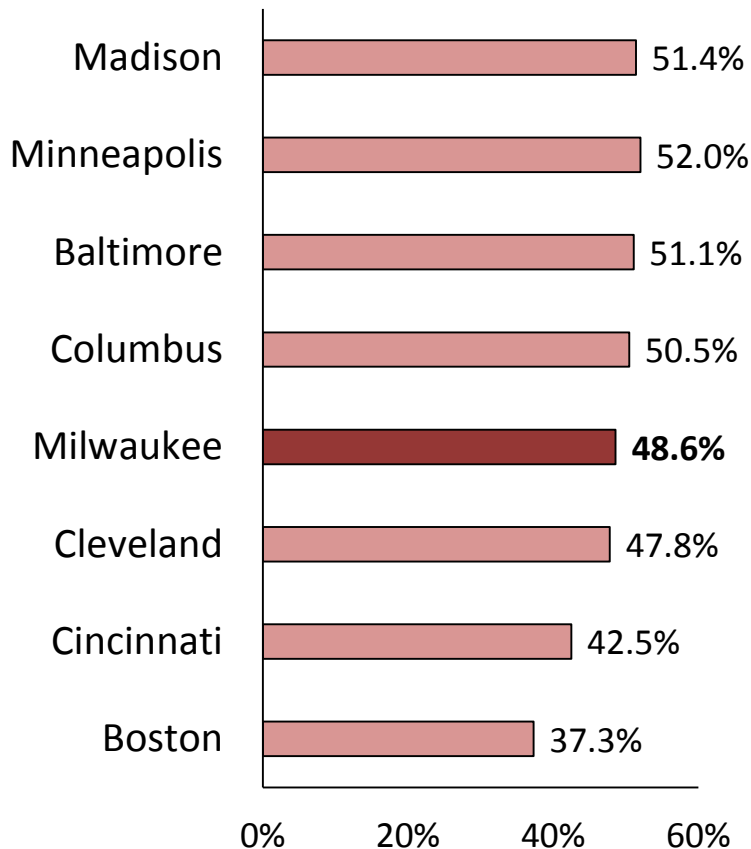
# Owner Occupancy Rates by Race/Ethnicity in Milwaukee



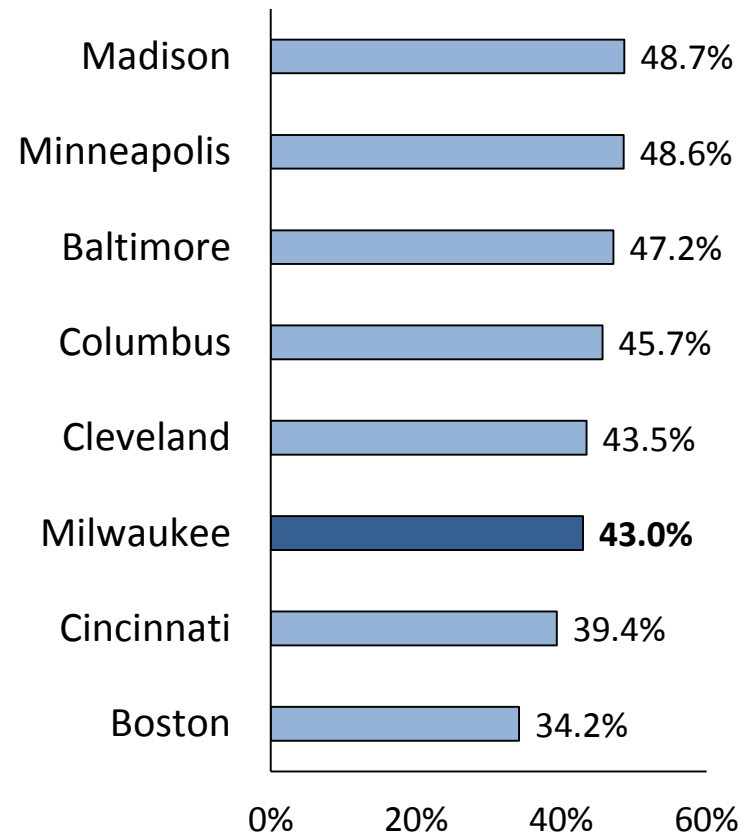


# Owner Occupied Housing Rates in Select Cities

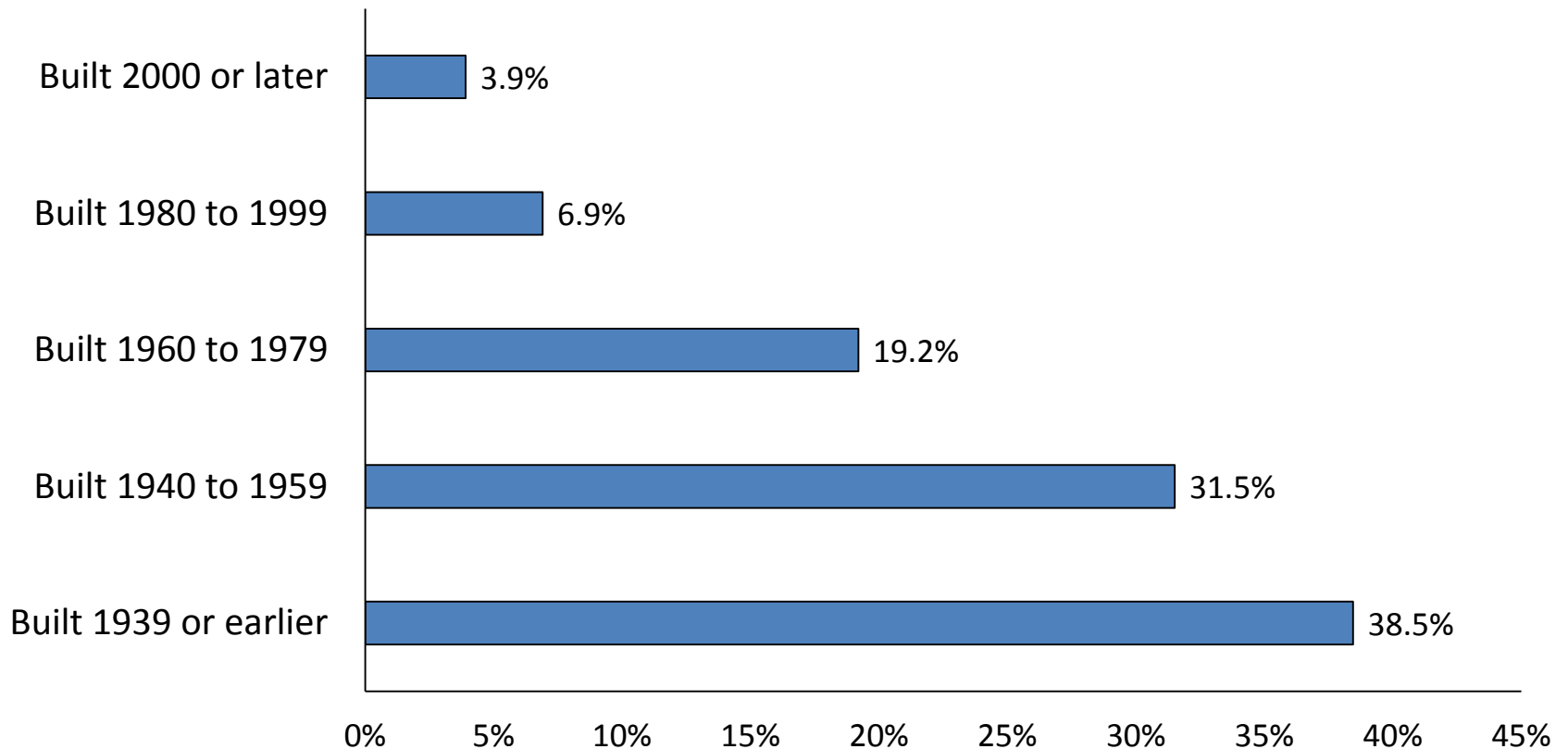
2005-2009 Estimates



2010-2014 Estimates

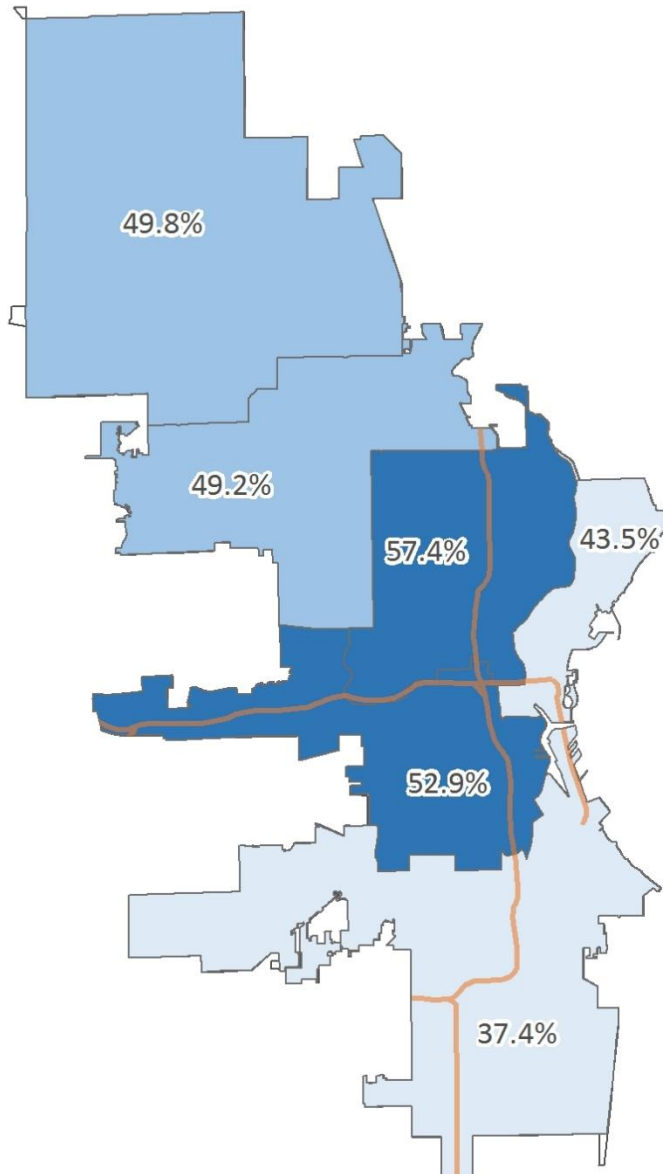


# Age of Housing Stock in Milwaukee



# CITY OF MILWAUKEE

## Percent of Households with a High Housing Cost Burden (2010-2014 Estimates)



### LEGEND

Percent of households that spend 30% or more of income on housing costs

- Under 45% of households
- 45 to 50% of households
- Over 50% of households
- City Limit
- Interstate

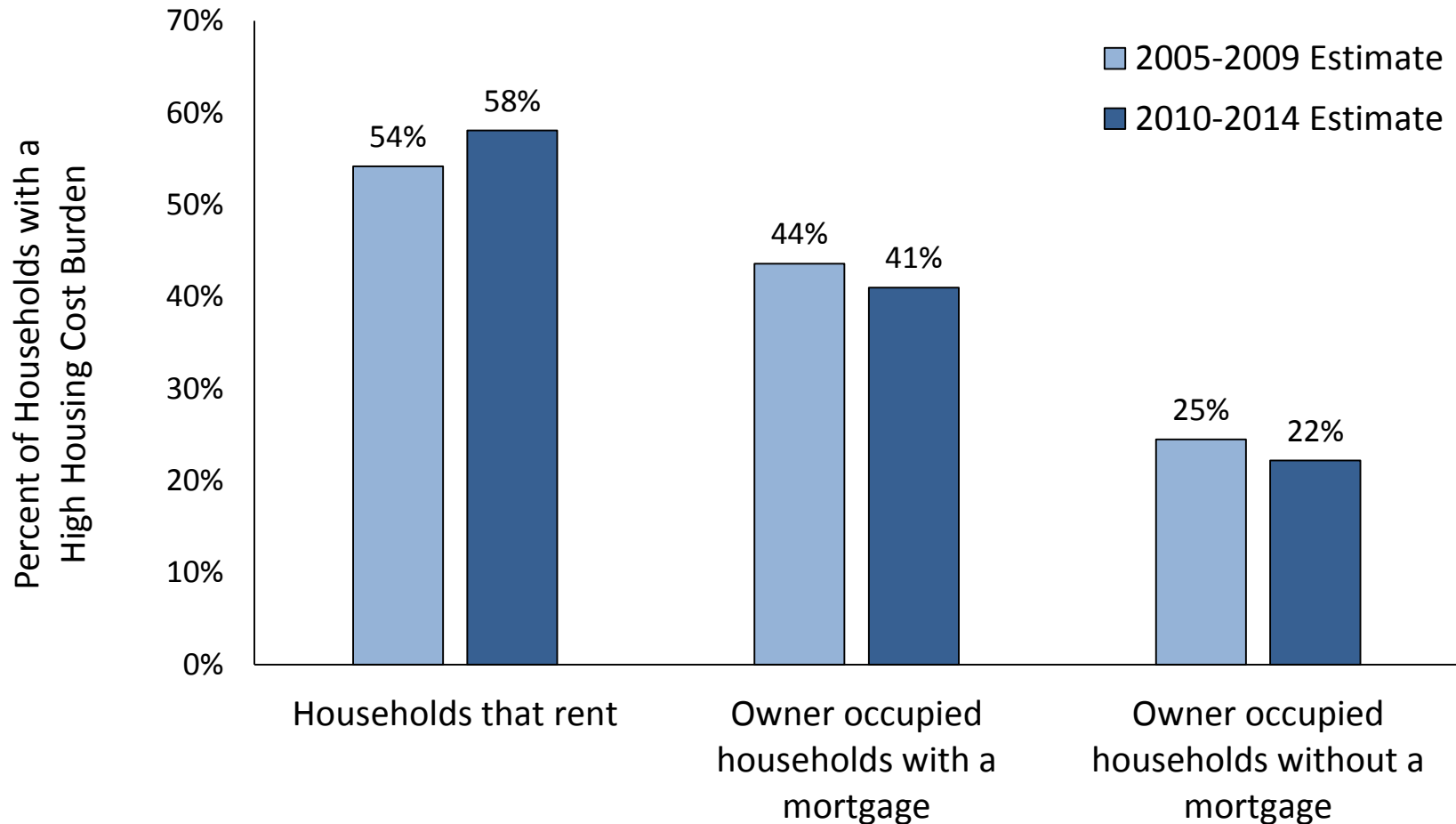


Source: US Census Bureau, 2010-2014 American Community Survey 5-Year Estimates, Public Use Microdata Areas (PUMA)

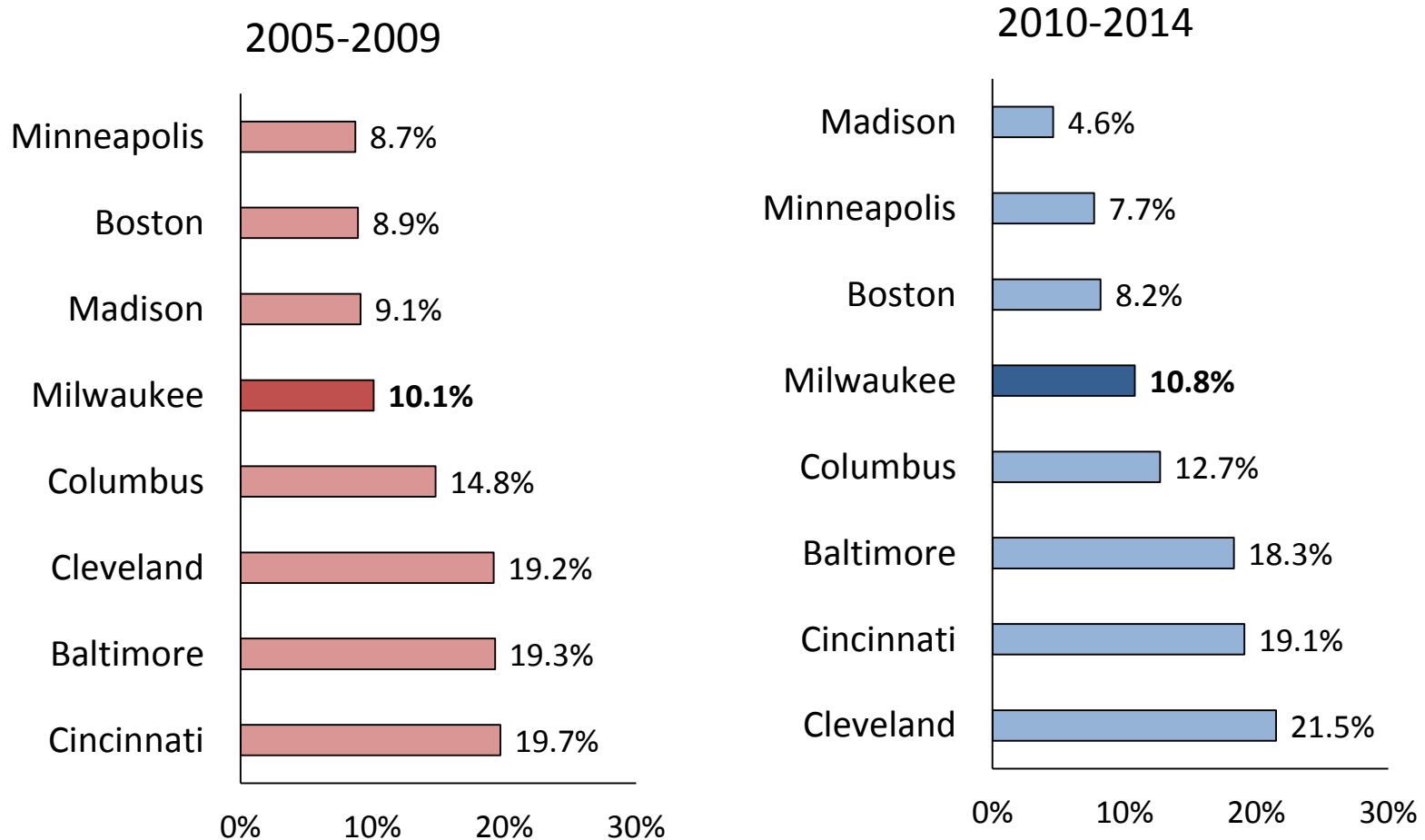
\*Derived estimate for PUMA 40101 (Downtown and East Side) excludes data outside of the City of Milwaukee

Prepared by City of Milwaukee DOA-BMD-kqp, 03/31/16

# Percent of Households with a High Housing Cost Burden in Milwaukee



# Proportion of Vacant Housing Units in Select Cities

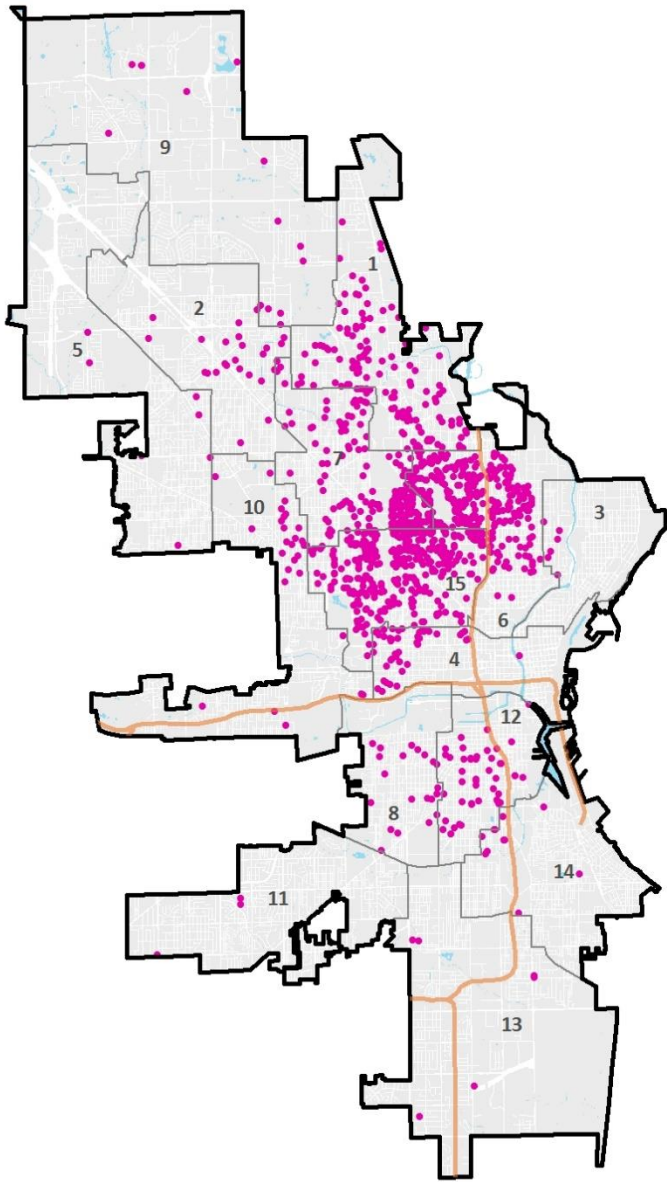


# City Strategies

1. Programs & initiatives from variety of funding sources
2. Strong Neighborhoods Program initiative leads tax levy-funded efforts
3. Key policy issues include:
  - “Multiplying” impacts to a block or neighborhood
  - Impacts on avoiding/reducing City costs of its inventory
  - Focusing incentives on owner-occupied properties may limit potential impacts in some neighborhoods

# CITY OF MILWAUKEE

## City-Owned Improved Property Inventory (April 2016)



### LEGEND

- City-Owned Improved Property
- ▭ City Limit
- ▭ Aldermanic District
- Interstate



Source: City of Milwaukee - DCD

Prepared by City of Milwaukee DOA-BMD-kqp, 04/20/16

# Improved Property Inventory

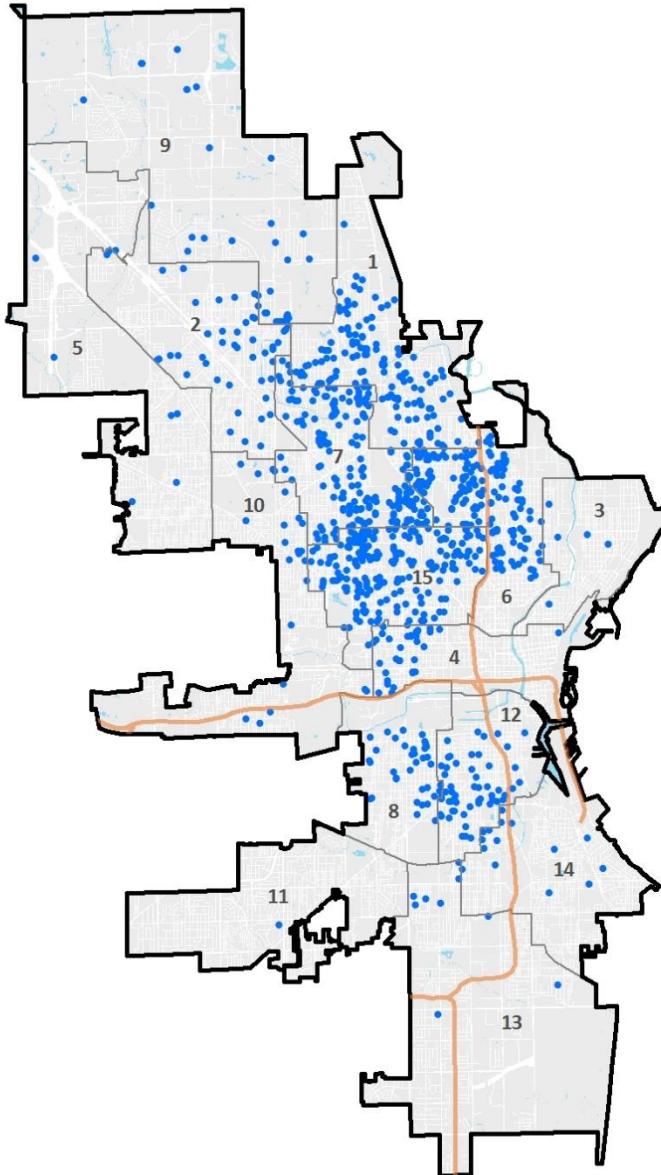
Aldermanic District	2016 Improved Property Inventory	Percent
1	120	10.4%
2	21	1.8%
3	5	0.4%
4	45	3.9%
5	6	0.5%
6	302	26.2%
7	190	16.5%
8	20	1.7%
9	14	1.2%
10	27	2.3%
11	3	0.3%
12	43	3.7%
13	6	0.5%
14	11	1.0%
15	341	29.5%

- Over half of the city's improved property inventory is located in Districts 6 and 15
- 82.6% of the inventory is located in 4 Districts



# CITY OF MILWAUKEE

## City-Owned Improved Property Sales (2014-2015)



### LEGEND

- City-Owned Improved Property Sales
- ▭ City Limit
- ▭ Aldermanic District
- ↘ Interstate



Source: City of Milwaukee - DCD

Prepared by City of Milwaukee DOA-BMD-kqp, 04/19/16

# In Rem Property Sales

	2014 Actual	2015 Actual	2016 Goal
Improved Properties	437	527	400
Vacant Lots	99	250	200

- Sales result from combined efforts of DCD staff and a Real Estate Broker Partnership

# In Rem Property Sales

Aldermanic District	2014-2015 Improved Property Sales	Percent
1	137	14.2%
2	51	5.3%
3	5	0.5%
4	35	3.6%
5	7	0.7%
6	169	17.5%
7	181	18.7%
8	37	3.8%
9	40	4.1%
10	24	2.5%
11	1	0.1%
12	53	5.5%
13	9	0.9%
14	15	1.6%
15	202	20.9%

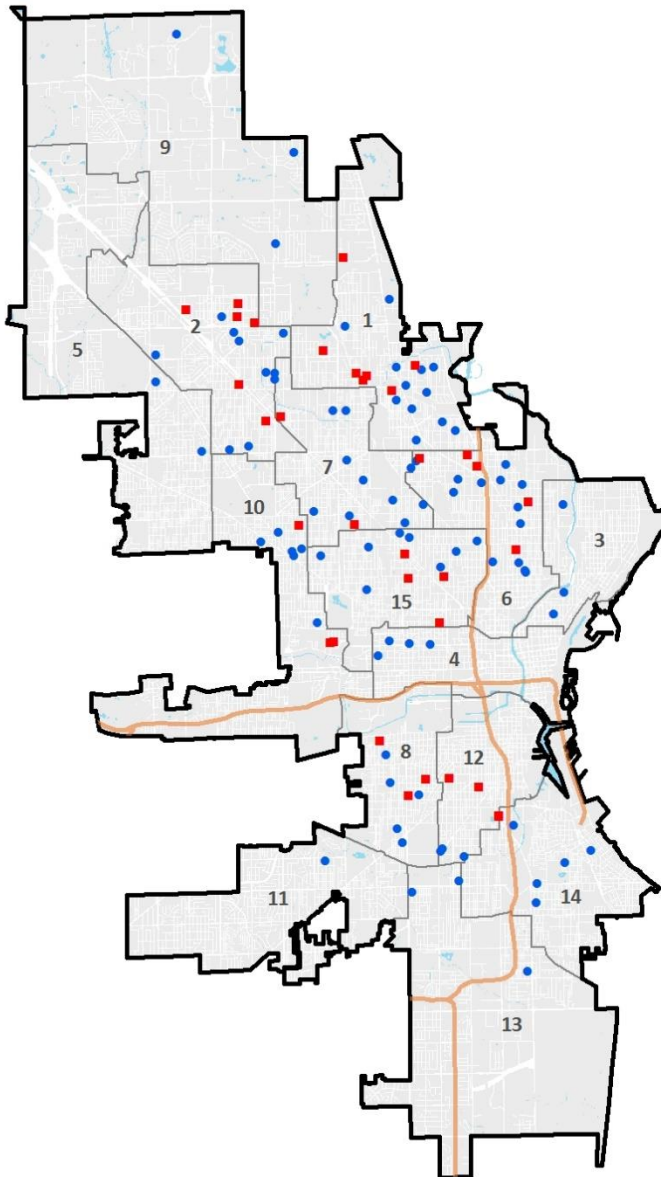
- About 70% of the city's 2014-2015 improved property sales occurred in Districts 1, 6, 7, and 15.

# Prevention Loan Programs

1. Both the Code Compliance Loan Program and STRONG Homes Loan Program are intended to prevent tax foreclosure and improve property conditions.
2. In 2015, over 75% of *in rem* tax foreclosures occurred in four aldermanic districts (Districts 1, 6, 7 and 15).
3. For the same year, 53% of Code Compliance Loans and 49% of STRONG Homes Loans were closed in Districts 1, 6, 7, and 15.

# CITY OF MILWAUKEE

## 2015 Code Compliance Loans and STRONG Home Loans



### LEGEND

- 2015 Code Compliance Loans
- 2015 STRONG Home Loans
- ▭ City Limit
- ▭ Aldermanic District
- Interstate



Source: City of Milwaukee - DNS, DCD NIDC

Prepared by City of Milwaukee DOA-BMD-kqp, 04/19/16

# SNP Loan Programs

	2015 Actual	2016 Goal	2016 – YTD
Compliance Loans	34	40	12
STRONG Homes Loans	91	50	71

- **Compliance loans**

- Low-income owner occupants with open DNS orders
- Deferred payment loans with 0% interest
- 34 loans in 2015
- 12 approved YTD

- **STRONG Homes loans**

- Lend to “gap” in existing market
- Owners are “underwater”, low-moderate income, want a loan
- 71 loans closed YTD

# Code Compliance Loans: 2015

- **2015 Code Compliance Loans (2015 funding - \$500,000)**
  - In 2015, CLP assisted low-income homeowners in correcting code violations that, if left uncorrected, could lead to court action and fees, leading to financial hardship for the owner
  - Over 200 homeowners contacted and given applications by DNS staff
  - 120 applications received
  - 34 loans closed
  - Complete exhaustion of funds
  - Average loan amount: \$12,291
  - Median household income: \$19,900
  - Median property value: \$50,800

# Strong Homes Loans: 2015

- **Strong Homes Loans (2015 funding - \$1,500,000\*)**
  - Implemented in 2015 to assist homeowners challenged by;
    - a mortgage balance that exceeded the value of their home
    - lack of access to traditional financing
    - a fixed monthly income.
  - Loan funds helped with major, essential repairs (roof, furnace, etc.)
  - 319 applications received
  - 91 loans closed
  - Average loan amount: \$13,100
  - Median household income: \$40,900
  - Median property value: \$57,800

\* Initial allocation of \$1 million, additional \$500K reallocated during the year to meet demand



# Code Compliance Loans: 2016

- **2016 Compliance Loans  
(2016 funding = \$500,000)**
  - Purpose: Stabilize neighborhoods through targeted investment for homeowners in violation of the building code who lack the funds to finance repairs
  - Applications distributed by inspectors and program staff to owner-occupants with building code violations
  - 12 loans approved Y-T-D
  - 19 potential projects
  - Expected to close on 40 or more loans and complete all projects before the building season's end

# Code Compliance Loan

	2014	2015	2016 YTD	2016 Goal
<b>Loans</b>	5	34	12	40
<b>Total Loan Amount</b>	\$64,631	\$418,067	\$145,508	\$500,000
<b>Average Loan</b>	\$12,926	\$12,298	\$12,125	\$12,250
<b>Average Income</b>	\$15,025	\$19,500	\$19,304	<\$25,000

# Challenge Grant Program

## 1. Program rationale:

- Encourage efforts to improve multiple properties within a concentrated area
- Partner with local organizations to enhance the impact of the redevelopment efforts
- Intended to offset partially the reduced availability of low-income tax credits

## 2. \$1 million allocated towards two grants:

- HACM/Riverworks in Harambee area
- NW Side CDC/WHEDA

## 3. Evaluation metrics are under development

# Rental Rehab Program

1. \$1 million has been allocated via Capital Budget
2. Program rationale: develop in rem properties into affordable rental units
3. DCD has chosen Friends of Housing to implement the initiative
4. Friends will rehab about 15 properties for rent
5. Rents will likely be pegged to HUD's 60% of County median income affordability standard.

# Demolitions

	2014	2015	2016 YTD	2016 Goal
<b>Demolitions</b>	381	164	60	197
<b>Average Demolition Cost</b>	\$14,531	\$14,918	\$15,999	\$15,700
<b>Deconstruction</b>	0	16	0	15
<b>Average Deconstruction Cost</b>	-	\$19,149	-	\$20,000
<b>Salvage Referrals</b>		176	35	100
<b>Salvage Revenue</b>	\$20	\$1,648	\$1,248	

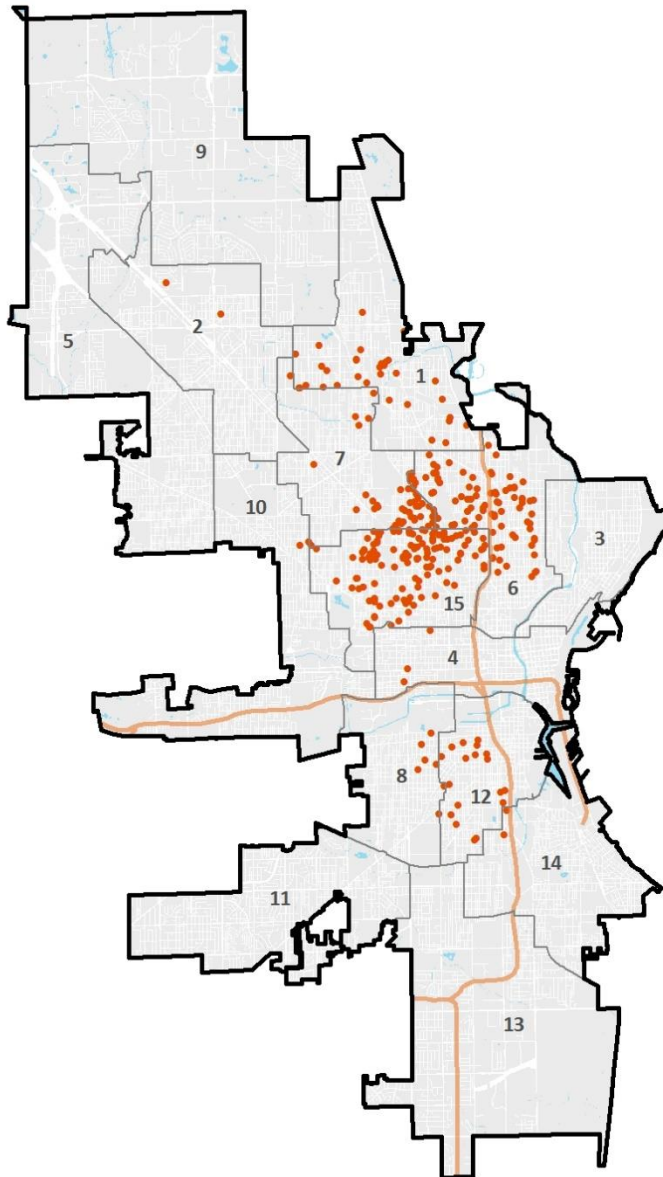
# City-Owned Demolitions

Aldermanic District	2014-2015 City-Owned Demolitions	Percent
1	32	9.8%
2	2	0.6%
3	0	
4	3	0.9%
5	0	
6	90	27.6%
7	43	13.2%
8	7	2.1%
9	0	
10	2	0.6%
11	0	
12	18	5.5%
13	0	
14	2	0.6%
15	127	39.0%

- Nearly 90% of city-owned demolitions in 2014 and 2015 occurred in four aldermanic districts (Districts 1, 6, 7, and 15)

# CITY OF MILWAUKEE

## City-Owned Demolitions (2014-2015)



### LEGEND

- City-Owned Demolitions
- ▭ City Limit
- ▭ Aldermanic District
- ↘ Interstate



Source: City of Milwaukee - DCD

Prepared by City of Milwaukee DOA-BMD-kqp, 04/19/16

# Demolitions: 2016

	2016 – Goal	2016 – YTD
<b>Demolitions</b>	<b>197</b>	<b>60</b>
<b>Salvage Referral</b>	<b>200</b>	<b>100</b>
<b>Deconstruction Projects</b>	<b>15</b>	<b>3</b>





# Demolitions: 2014

- Demolitions (through December 31, 2014)
  - Excludes garages

Funded By:	State	City-Contract	City-DPW	TOTAL
<b>Total (Goal)</b>	200	200	100	500
<b>Queue</b>	-	3	10	<b>13</b>
<b>Bid</b>	204	111	-	<b>315</b>
<b>Complete</b>	<b>204</b>	<b>108</b>	<b>90</b>	<b>402</b>
<b>%</b>	<b>102%</b>	<b>54%</b>	<b>90%</b>	<b>80%</b>

# Demolitions: 2015

- Demolitions (through December 31, 2015)
  - Excludes garages

<b>Funded By:</b>	<b>City-Contract</b>	<b>City-DPW</b>	<b>TOTAL</b>
<b>Total (Goal)</b>	56	96	152
<b>Bid</b>	73	-	73
<b>Complete</b>	73	91	164
<b>%</b>	<b>130%</b>	<b>94%</b>	<b>107%</b>

# Demolitions: 2016

- Demolitions (through April 30, 2016)
  - Excludes garages

<b>Funded By:</b>	<b>City-Contract</b>	<b>City-DPW</b>	<b>TOTAL</b>
<b>(Goal) 2015</b>	<b>92</b>	90	<b>197</b>
<b>Queue</b>	67	50	<b>117</b>
<b>Bid</b>	24	-	<b>24</b>
<b>Complete</b>	24	36	<b>60</b>
<b>%</b>	<b>26%</b>	<b>40%</b>	<b>30%</b>

# Salvage Efforts

- Salvage Update
  - DNS continues to make referrals to Wastecap
  - Revenue from salvage \$2,916
  - 211 referrals to date in 2016
  - Wastecap looking to expand their warehouse
  - Working on reuse of salvaged material for City
  - Wastecap to expand coordinator position to market items like salvaged wood flooring

# Deconstruction Efforts

- Hybrid Deconstruction
  - 10 garage deconstructions awarded to Running Rebels
  - Currently preparing 3 buildings for deconstruction bid package by June 1st, 2016
  - WasteCap is pursuing sponsors to fund gap between mechanical demolition and deconstruction

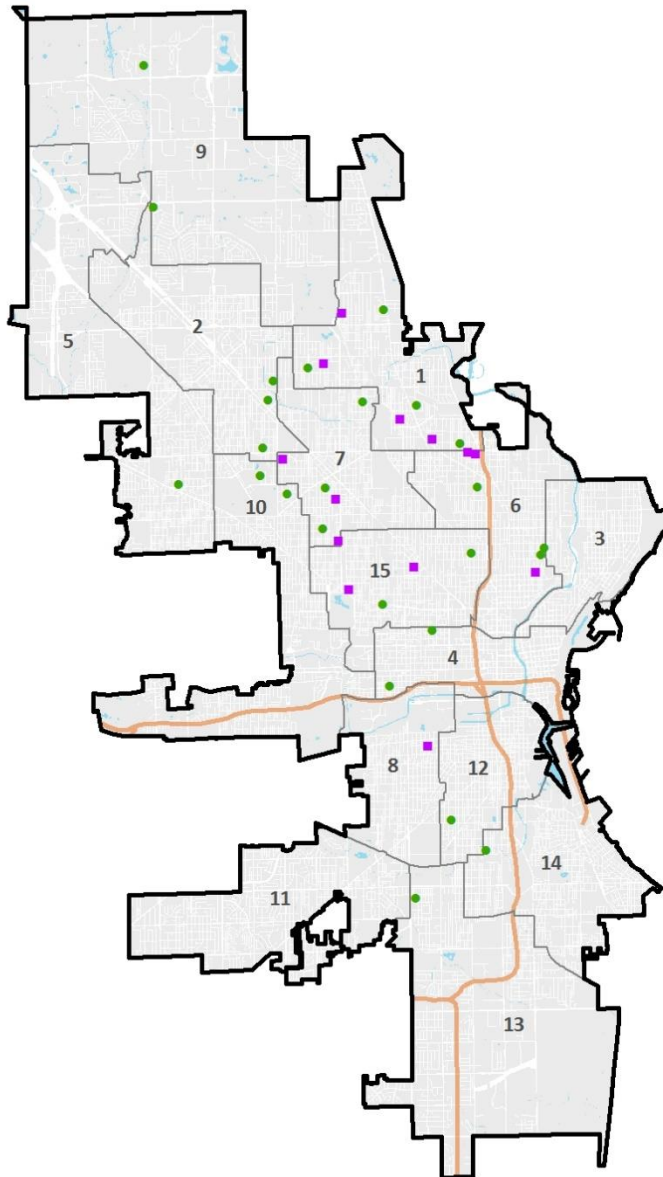
# Real Estate - Housing Programs

Program	2014 Actual	2015 Actual
Lease-to-Own	2	17
Homebuyer Assistance	14	12
ACTS Housing Partnership	34	39
Rental Rehab (Investor)	7	21

The requirements for each program varies. The common goal is to sell city-owned properties to responsible owners. Each program supports this goal by requiring financial literacy and/or sweat equity.

# CITY OF MILWAUKEE

## Homebuyer Assistance and Rental Rehabilitation Loans (2014-2015)



### LEGEND

- Rental Rehabilitation Loans
- Homebuyer Assistance Loans
- ▭ City Limit
- ▭ Aldermanic District
- Interstate



Source: City of Milwaukee - DCD NIDC

Prepared by City of Milwaukee DOA-BMD-kqp, 04/19/16

# Targeted Investment Neighborhoods

The Targeted Investment Neighborhood (TIN) initiative is designed to sustain and increase owner-occupancy, provide high quality affordable rental housing, strengthen property values, and improve the physical appearance and quality of life of neighborhoods. TINs focus resources for three years on a small area, generally six to twelve city blocks.

	2014	2015
City Funded Home Rehab (owner occupant)	\$525,000	\$475,000
City Funded Rental Rehab (landlord)	\$80,000	\$80,000
Privately Funded Rental Rehab (leverage)	<u>\$105,000</u>	<u>\$80,000</u>
Total TIN Housing Investment	\$710,000	\$635,000



# Healthy Neighborhoods Initiative

The Healthy Neighborhoods Initiative supports investment and stability in several neighborhoods, some of which are outside the CDBG area. Nine neighborhoods are designated and supported by the Greater Milwaukee Foundation. Funding also supports small scale projects citywide.

	2014	2015
Greater Milwaukee Foundation Projects	<i>14</i>	<i>21</i>
Citywide Community Improvement Projects	<u>33</u>	<u>24</u>
Total Number of Community Improvement Projects	47	45

# City Infrastructure Strategies: Paving Improvements

- In 2016, 38 High Impact Streets projects are planned for approximately 24 miles of improved streets
- \$18 million invested in High Impact Streets from 2014 to 2016
  - Approximately 55 miles of streets improved
  - Multiple projects in each Aldermanic District
- Improves quality of driving surface, reduces maintenance, extends useful life of street up to 10 years
- Over 90 miles of streets improved through the Local and High Impact Streets Programs from 2014-2016
- Deployment of 8-person “super crews” began in 2014 using an assembly line approach to make thorough, longer lasting repairs to high traffic streets
- Increases to the number of miles improved through capital programs and innovations such as the “super crew” approach have contributed to a reduction in the number of potholes reported, from a record high of 16,804 in 2014 to 10,330 in 2015

# City Infrastructure Strategies: Infrastructure Improvements

- Street Lighting Improvements- Series Circuit Conversion
  - Program to upgrade street lighting circuitry from older series circuits to modern multiple circuits
  - Reduces number of outages and limits service disruption when outages do occur
  - Targeting circuits experiencing the most outages
    - After conversion, outages reduced by over 75%

# City Infrastructure Strategies

## High Impact Streets Program

- In 2016, 38 projects for approximately 24 miles of improved streets
- \$18 million invested from 2014 to 2016
  - Approximately 55 miles of streets improved
  - Multiple projects in each Aldermanic District
- Improves quality of driving surface, reduces maintenance, extends useful life of street up to 10 years

## Series Circuit Conversion

- Program to upgrade street lighting circuitry from older series circuits to modern multiple circuits
- Reduces number of outages and limits service disruption when outages do occur
- Targeting circuits experiencing the most outages
  - After conversion, outages reduced by over 75%

# Neighborhood Libraries

1. Comprehensive renovation plan for improving branch libraries
2. \$31.1 million in capital investment between 2009 and 2020
3. Seven branches will be renovated
  - East, Villard & Tippecanoe renovations are complete
  - Forest Home (Mitchell Street) renovation is in process of receiving Council approval
  - Mill Road, King and Capitol branch renovations pending
4. General plan is replacing old facilities with new mixed use developments
5. New facilities facilitate new strategies and enhanced programming

# Neighborhood Libraries

1. Renovated libraries have enhanced amenities, such as flexible meeting spaces that expand community programming and neighborhood use potential
2. Providing high quality library facilities in neighborhoods provides anchors for investment and resources for childhood and workforce development
3. Renovated facilities support MPL's plan to outreach to Milwaukee residents with the greatest potential to benefit from library services: families with limited resources and barriers to literacy and economic services

# Housing Authority of the City of Milwaukee: Choice Neighborhood Initiative

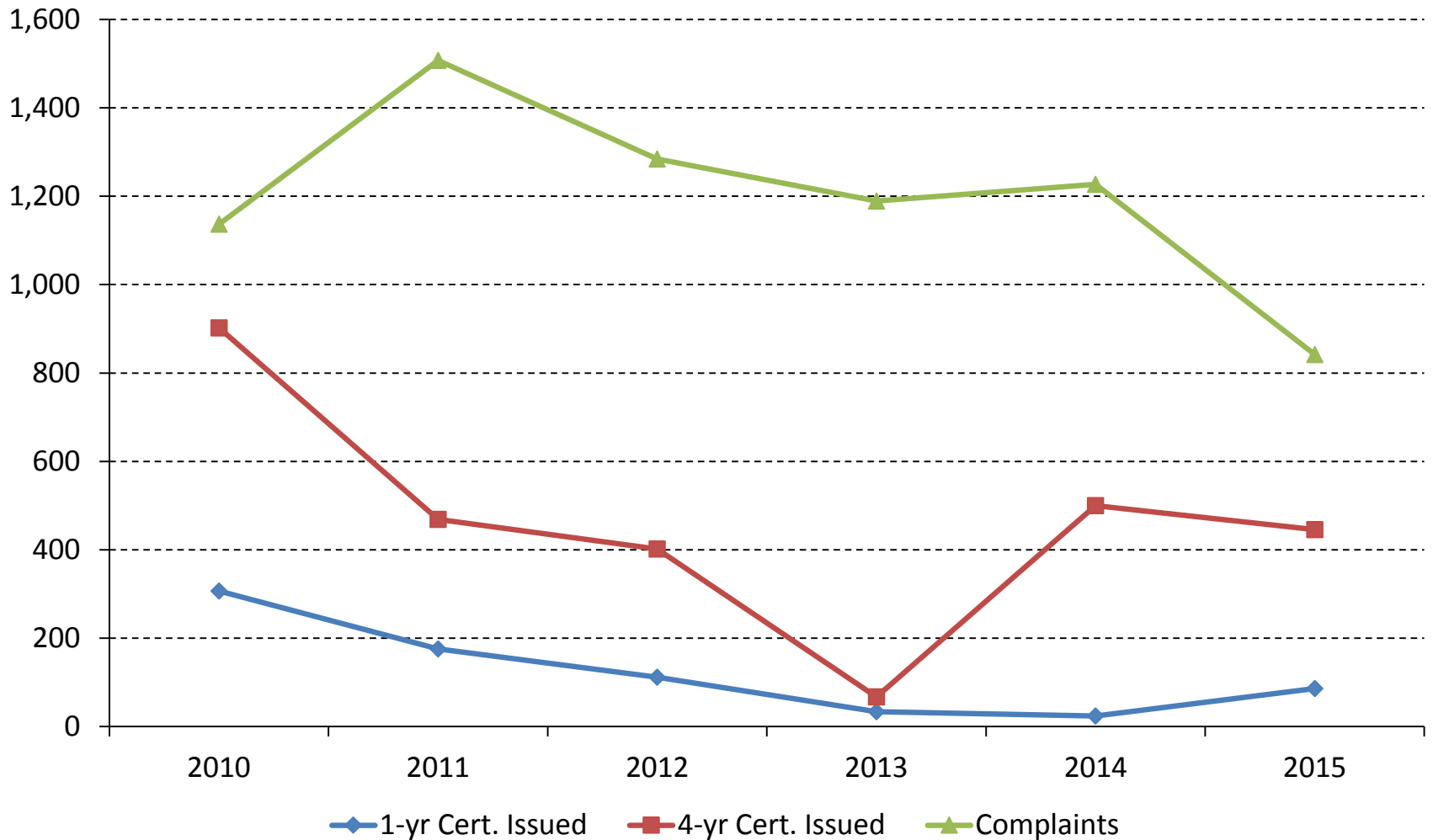
1. Federal Department of Housing & Urban Development awarded \$30 million Choice Neighborhoods Implementation grant to City of Milwaukee and Housing Authority of the City of Milwaukee
2. Comprehensive strategy to transform Westlawn and the surrounding neighborhood into a mixed income community
  - Inclusive community with quality housing, schools, businesses, services, and amenities
  - 706 new units of housing
3. Plan supported by public and private partners, who commit additional \$250 million in resources
  - Includes \$65 million in Low Income Housing Credits and \$59 million in private sector investment

# Neighborhood Blight Prevention

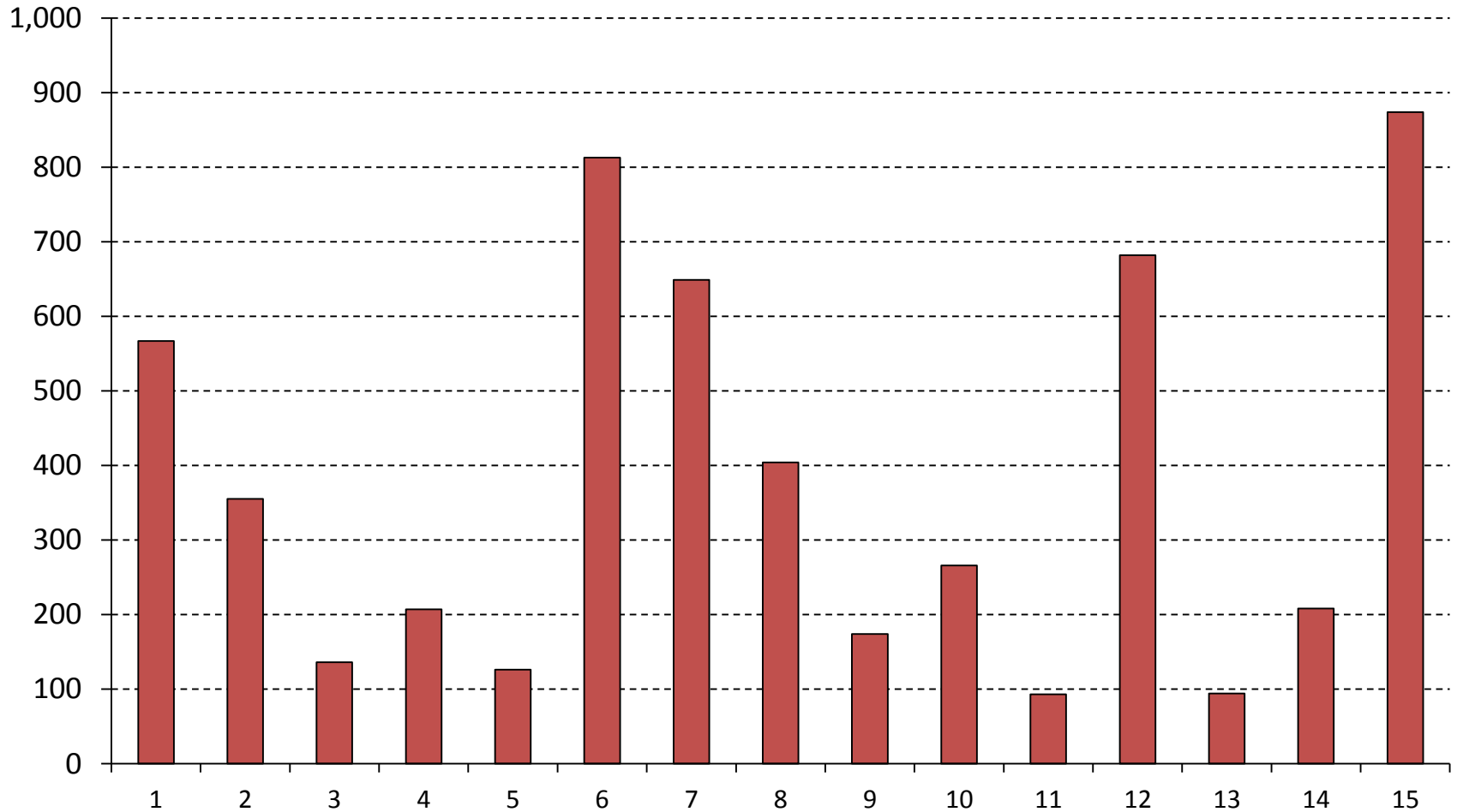
1. Increase in vacant, abandoned & foreclosed properties following housing & financial market collapse in 2008
2. Blighted properties create challenges for neighborhoods
3. City has expanded its efforts, established new programs and increased funding for blight prevention with goal of strengthening neighborhoods
4. Several of the City efforts have utilized proactive inspection and code enforcement to reduce problems associated with “problem” properties.
5. Recently enacted State legislation – Wisconsin Act 176 – limits City’s ability to take proactive measures and utilize financial incentives for blight prevention



# Residential Rental Inspection Program



# Properties on Monthly Reinspection in 2015, by Ald. District



# Vacant, Abandoned & Foreclosed Properties\*

	2016
<b>Number of vacant/abandoned properties</b>	4,330
<b>Number of properties in foreclosure process</b>	2,063

\* As of 5/3/2016

# Certificate of Code Compliance

	2014	2015	2016 YTD
<b>Number of inspections</b>	2,875	2,868	488
<b>Number of certificates issued</b>	1,754	1,455	148
<b>Number of orders issued</b>	1,975	1,699	169
<b>Number of violations abated/closed</b>	1,138	1,192	17

# Key Risks & Takeaways

1. Several programs operate and appear successful in their own terms
2. Key to neighborhood improvement is multiplying “unit based” success across a block or blocks
3. Development strategy-based demolitions could improve impacts, given limited resources
4. Act 176 will limit City’s proactive capacity to prevent and manage blight

# Questions & Comments

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