

LEGISLATIVE REFERENCE BUREAU FISCAL ANALYSIS

ZONING, NEIGHBORHOODS AND DEVELOPMENT COMMITTEE

FEBRUARY 23, 2010

Item 12, File #091405

File Number 091405 is a resolution authorizing the transfer and expenditure of the \$600,000 in capital funding provided in the 2010 Budget for the Housing Infrastructure Preservation Fund.

Background

1. On July 28, 2009, the Common Council passed File Number 090162, an ordinance revising the City's policies and procedures for disposition of City-owned real estate. Specifically, the ordinance requires the Department of City Development, in consultation with the local Common Council member, to classify each improved "neighborhood property" (i.e., property containing 4 or fewer housing units) into one of 3 categories:
 - a. Habitable property – a property that is habitable in its current condition or can be rendered habitable with reasonable effort and funds proportionate to its assessed value.
 - b. Uninhabitable property – a property that is not habitable in its current condition and cannot be rendered habitable with reasonable effort and funds proportionate to its assessed value.
 - c. Special consideration property – a property that is not habitable in its current condition and is unlikely to be restored or rehabilitated by a private purchaser because the scope of work exceeds the amount of work that a private purchaser would reasonably be able to complete. However, the property is worthy of restoration or rehabilitation based on such factors as neighborhood context, architectural characteristics or quality, historic status of the structure or neighborhood in which it is located, or other relevant factors. Special consideration properties shall be further classified into 2 sub-categories:
 - c-1. Public restoration property – a property that is suitable and recommended for immediate restoration or rehabilitation by the City, the Housing Authority or another public entity.
 - c-2. Mothballing property – a property that is not suitable and not recommended for immediate restoration or rehabilitation, but shall be designated for mothballing or landbanking by the City.
2. On September 22, 2009, the Common Council passed File Number 090459, an ordinance creating a Housing Infrastructure Preservation Fund to provide a permanent, dedicated funding source to finance City restoration or mothballing of special consideration properties. The ordinance identifies several potential funding sources for the Housing Infrastructure Preservation Fund: tax levy, general obligation borrowing, net proceeds from the sale of restoration properties, amounts appropriated by law and transferred to the Fund by the City Comptroller, and other appropriations made by the Common Council.

3. The adopted 2010 City Budget provides \$600,000 in capital funding (new borrowing) for the Housing Infrastructure Preservation Fund. This funding is to be administered by the Department of City Development.

Discussion

1. File Number 091405 is a resolution directing the City Comptroller to transfer the \$600,000 from the Housing Infrastructure Preservation Fund capital account to a project subaccount. In effect, this resolution is the vehicle by which the budgeted funds are made available to the Department of City Development to undertake restoration and repairs of City-owned special consideration properties prior to marketing and selling the properties.
2. The resolution does not identify specific properties that DCD will restore and repair using the transferred funds. However, the resolution indicates that, prior to any expenditure from the Housing Infrastructure Preservation Fund project subaccount, the department will present the local Common Council member with a neighborhood property report that classifies particular properties as restoration properties, as required by the ordinance.

Fiscal Impact

This resolution authorizes the transfer and expenditure of the \$600,000 in capital funding provided in the 2010 Budget for the Housing Infrastructure Preservation Fund.

Prepared by: Jeff Osterman, X2262
LRB-Research & Analysis Section
February 19, 2010

c: Rocky Marcoux
Martha Brown
Elaine Miller
Joe'Mar Hooper