

DEPARTMENT(S)	EFFECT		
	BUDGET	TAX LEVY	TAX RATE PER \$1,000
CAPITAL IMPROVEMENT DEPT OF CITY DEVELOPMENT	\$+0	\$+0	\$+0.000

AMENDMENT INTENT

This amendment will establish a Duplex Live-Work Rehab capital program with funding of \$150,000 and a Bronzeville In Rem Rehab capital program with funding of \$100,000, both funded with new borrowing.

This amendment will also increase funding for the Concentrated Blight Elimination capital account in the Department of Neighborhood Services by \$250,000 in new borrowing and footnote the program to direct that the \$250,000 is to be used only for the demolition of buildings in areas with high densities of vacant properties, with priority given to fire-damaged structures. The increase in new borrowing will be offset by a reduction in funding for the Commercial Investment Program of \$500,000.

BACKGROUND

1. The 2014 Budget created a new capital account called Concentrated Blight Elimination to support the Strong Neighborhoods Plan. The account is administered by the Department of Neighborhood Services. The account is used to address emergency demolitions from fires, flooding, or other emergency situations. The account is also used to prepare City-owned residential buildings for demolition.
2. The Department of Neighborhood Services requested and the 2019 Proposed Budget provided \$1 million in the Concentrated Blight Elimination capital account. Since 2014, \$9 million has been budgeted. Expenditures through the end of 2017 were \$7 million. Approximately \$240,000 of general obligation borrowing authority will be carried over into 2019.
3. Approximately 40% of the funding proposed for 2019 will be used for operating costs which include pre-demolition environmental inspections, landscaping, service and processing of raze orders.
4. The Council passed an ordinance which became effective January 1, 2018, creating deconstruction requirements for the removal of older and historic primary dwelling structures. Generally, the ordinance requires the deconstruction of residential structures with one to 4 dwelling units if the structure was built in 1929 or earlier.
5. The number of condemned buildings in the City of Milwaukee awaiting removal is approximately 475 (about 45% City-owned and 55% privately-owned). DNS estimates that 53 are in need of immediate removal due to extremely hazardous

conditions. An average of 0.4 condemned buildings are added to the deconstruction/demolition “queue” each day.

DISCUSSION

1. The Duplex Live-Work rehab program is intended to require a private match of \$20,000 per house.
2. Both the Duplex Live-Work Rehab program and the Bronzeville In Rem Rehab program will be funded from separate capital accounts.
3. When the deconstruction ordinance was passed, it was expected that the cost for deconstruction would be higher than mechanical demolition. The average cost of mechanical demolition of structures subject to the ordinance is \$15,700. Initial bids for deconstruction came in higher than anticipated.
4. Even if demolition was the only removal method, the funding proposed for 2019 would not keep pace with the new structures which need to be removed or address the backlog of condemned structures.
5. Budgeted funding for the Concentrated Blight Elimination account in recent years was as follows:

2016	\$2.2 million
2017	\$2.1 million
2018	\$1.2 million

6. DNS expects to complete 21 mechanical demolitions and 7 deconstructions with the funding available for 2018. DNS estimates that it will be able to raze 25 structures in 2019 with the \$1 million provided in the 2019 Proposed Budget. This will involve some combination of deconstruction and demolition. The Department estimates that a maximum of 16 structures could be razed if all were removed through deconstruction, and that a maximum of 38 could be razed if all were removed through demolition.
7. The addition of \$250,000 in the Concentrated Blight Elimination account will allow for the demolition of approximately 16 residential structures.

EFFECT

The budget effect of this amendment is \$+0.

The tax-levy effect of this amendment is \$+0.

ORIGINAL SPONSOR(S): Ald. Coggs

COMMITTEE VOTE: (4-1) In Favor: Coggs, Lewis, Witkowski, Stamper
Opposed: Ald. Murphy

Prepared by: Kathleen Brengosz
Legislative Reference Bureau
Revised: November 5, 2018

OBJECTIVE, OVERALL BUDGET LEVY EFFECT OF THIS POSSIBLE AMENDMENT TO THE 2019 PROPOSED BUDGET

By Ald. Coggs

Item 59A

CAPITAL IMPROVEMENTS

Establish a Duplex Live-Work Rehab capital program with funding of \$150,000 and a Bronzeville In Rem Rehab capital program with funding of \$100,000, both funded with new borrowing. Increase funding for the Concentrated Blight Elimination capital program by \$250,000 in new borrowing and footnote the program to direct that the \$250,000 is to be used only for demolition of buildings in areas with high densities of vacant properties, with priority given to fire-damaged structures. Offset the increase in new borrowing by reducing funding for the Commercial Investment Program by \$500,000.

BUDGET	TAX LEVY	TAX RATE EFFECT
<u>EFFECT</u>	<u>EFFECT</u>	<u>(PER \$1,000 A.V.)</u>

Capital Improvements Budget	\$+0	\$+0	\$+0.000
<u>City Debt Budget</u>	<u>\$+0</u>	<u>\$+0</u>	<u>\$+0.000</u>
Total	\$+0	\$+0	\$+0.000

BMD-2 PAGE AND LINE NUMBER	DETAILED AMENDMENT	CHANGE IN 2019 POSITIONS OR UNITS COLUMN		CHANGE IN 2019 AMOUNT COLUMN	
		NUMBER TO BE CHANGED	AMOUNT OF CHANGE	AMOUNT TO BE CHANGED	AMOUNT OF CHANGE
	SECTION I.C.1 BUDGETS FOR CAPITAL IMPROVEMENTS				
	DEPARTMENT OF CITY DEVELOPMENT				
450.11-4	Commercial Investment Program New Borrowing	--	--	\$1,000,000	-\$500,000
450.11-14	Immediately following the line: "Cash Revenues"				
	Insert the following lines and amounts: "Duplex Live-Work Rehab (A)" "New Borrowing"	--	--	--	\$+150,000
450.11-18	Immediately following the line: "Cash Revenues"				
	Insert the following lines and amounts: "Bronzeville In Rem Rehab" "New Borrowing"	--	--	--	\$+100,000
450.12-3	Immediately following the line: "Cash Levy"				
	Insert the following lines and amounts: "(A) The Duplex Live-Work Rehab program requires participants to provide \$20,000 in matching funds"	--	--	--	--

OBJECTIVE, OVERALL BUDGET LEVY EFFECT OF THIS POSSIBLE AMENDMENT TO THE 2019 PROPOSED BUDGET

By Ald. Coggs

CAPITAL IMPROVEMENTS

BMD-2 PAGE AND LINE NUMBER	DETAILED AMENDMENT	CHANGE IN 2019 POSITIONS OR UNITS COLUMN		CHANGE IN 2019 AMOUNT COLUMN	
		NUMBER TO BE CHANGED	AMOUNT OF CHANGE	AMOUNT TO BE CHANGED	AMOUNT OF CHANGE
	DEPARTMENT OF NEIGHBORHOOD SERVICES				
450.20-5	Concentrated Blight Elimination New Borrowing	--	--	\$1,000,000	\$+250,000
450.20-4	Insert footnote designator "(A)" to the following line: "Concentrated Blight Elimination"	--	--	--	--
450.20-5	Immediately following the line: "New Borrowing"	--	--	--	--
	Insert the following lines: "(A) \$250,000 must be used only for demolition in areas with high densities of vacant properties, with priority given to fire-damaged structures."	--	--	--	--