

CITY OF MILWAUKEE

STRONG

NEIGHBORHOODS PLAN

2017 Budget Overview
Finance & Personnel Committee
October 5, 2016



STRONG Neighborhoods Plan

The Strong Neighborhoods Plan (SNP) is a major citywide effort to reduce the impact of tax foreclosed properties in Milwaukee neighborhoods

- The 2017 proposed budget includes \$13.8 million for SNP efforts
- Funding supports staffing and programs that focus on four goals;
 - **Prevention** – helping current owners to retain and maintain their homes
 - **Mitigation** – reducing the impact of foreclosed and blighted properties through demolition, deconstruction, and maintenance
 - **Revitalization** – creating ownership opportunities for new owner occupants and responsible investors, and incentivizing entrepreneurs in the purchase & renovation of city owned commercial buildings
 - **Renewal** - providing financial assistance to current business owners to improve existing businesses

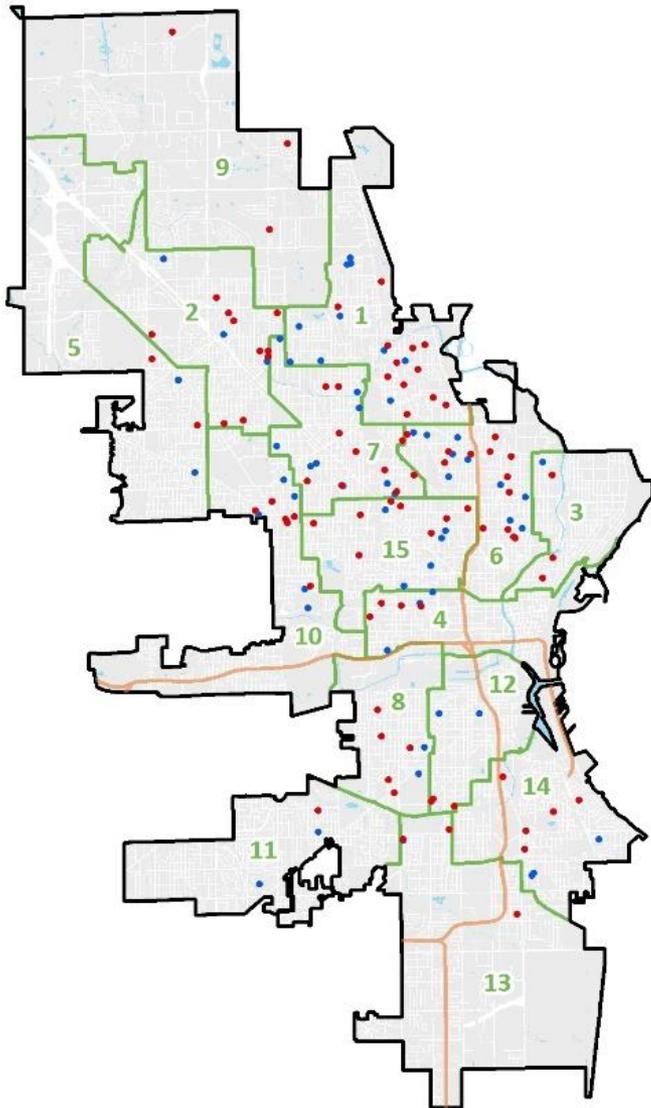
Overview

Barometer

Measure	12/31/2013	12/31/2014	12/31/2015	As of 9/30/16
Bank Filings	2,796	2,283	1,857	1,028
Current Accounts Delinquent	8.8%	8.2%	7.8%	7.3%
Filed In Rem	1,101	1,096	848	1,001
Acquired (Rate)	67.9%	68.8%	63.0%	61%
City Sales	291	437	530	379
City Inventory	1,318	1,116	1,171	1,241

STRONG Homes Loan Program

Program established to lend to “gap” in existing market - partially forgivable loans to make emergency and essential home repairs



Homeowners Served	2015	2016
Applications in Process	133	98
Loans Approved/Closed	91	73
Total Loan Volume Issued	\$1,210,931	\$988,023
Average Loan Amount	\$13,307	\$13,723

Goal: 75 loans in both 2015 & 2016

Loan Recipient & Housing Characteristics	
Average age of loan recipient	60
Average length of homeownership	17 years
Percent single-family homes	73%
Median total property assessment	\$57,800

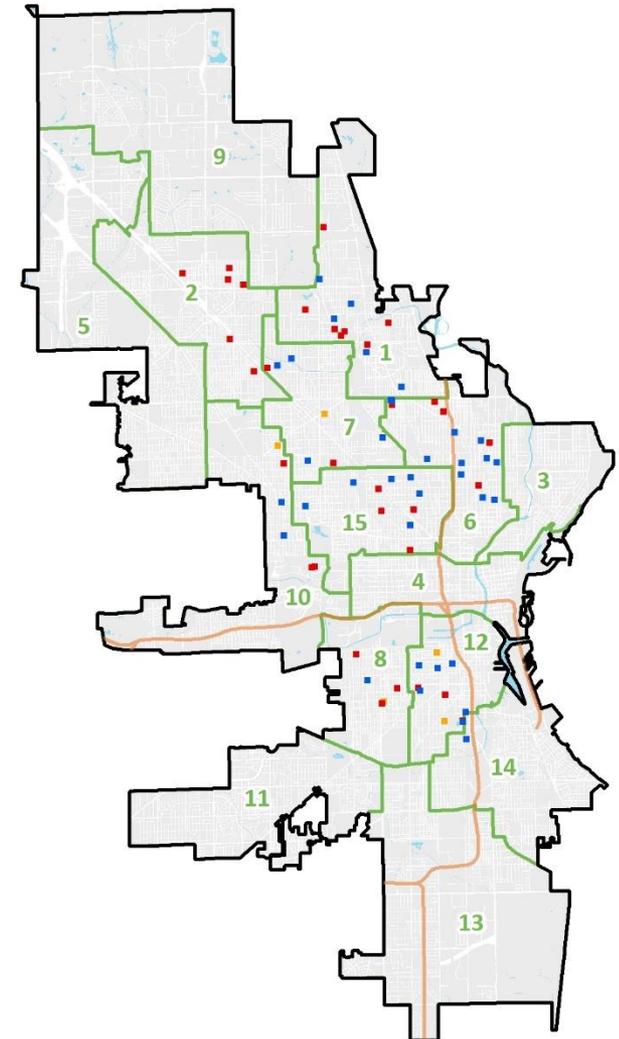
Compliance Loan Program

Provides low-income homeowners with a deferred payment, 0% interest loan to abate code violations

Homeowners Served	2015	2016
Applications Processed	120	76
Loans Approved/Closed	34	36
Total Loan Volume Issued	\$418,000	\$452,992
Average Loan Amount	\$12,300	\$12,583

Goal: 35 loans in both 2015 & 2016

Loan Recipient & Housing Characteristics	
Average age of loan recipient	60
Average length of homeownership	17 years
Median annual household income	\$16,102
Percent single-family homes	83%
Median total property assessment	\$41,950



Partnerships

Nonprofit Community Based Organizations

Grow capacity of our Community Based Organizations

- Acquisition rehab of City-owned properties
- Maintenance of Orchards, Mini Parks and active spaces

Support efforts of Take Root Milwaukee

- Participate in collaborative outreach aimed at homeowners and homebuyers

Servicers

Work closely with Nationstar and Ocwen in implementing their 5 part plan

- Participation in 2 homeowner outreach events
- **157** Loans Modified and **\$4million** in principal reductions
- **\$241,000** contributed to fund STRONG Homes Loans
- **Donation** of **11 REO** properties to local nonprofits and **\$50,000** to support rehab and outreach to homeowners

Foundations

Work with the foundation community to develop new initiatives aimed at preventing tax foreclosure

- Tax Foreclosure Prevention Assistance Launched in July 2016
- 0% forgivable loan, up to \$3,000 - with 50% homeowner match

Lending Community

Identify opportunities for lending in Milwaukee neighborhoods

Demolition & Deconstruction

	2014	2015	2016 (Goals)	2016 YTD	Total
DPW	90	91	90	53	234
DNS Contractors	291	45	107	52	388
Deconstruction (Garages)	99	16	16	5	120
Total	480	152	223	110	739



City Inventory Sales

	2012	2013	2014	2015	2016 YTD
Total Improved Properties	231	291	437	530	379
<i>Residential Properties</i>	-	-	429	511	359
<i>Commercial Properties</i>	-	-	8	19	20
Vacant Lots	36	32	100	245	126
Total Sales	267	323	537	775	505
Owner Occupancy Rate			53%	63%	57%

Over 30 Million in taxable value 2014-2015 alone

Foreclosed Properties Renovation Loans

Home Buyer Assistance

- ❑ Forgivable loans to owner-occupant buyers of tax-foreclosed property
- ❑ Maximum loan = \$20,000
- ❑ Buyer must match City loan at least dollar for dollar
- ❑ YTD results
 - 11 loans closed
 - 15 loans in progress
 - Applications closed

Rental Rehabilitation Loans

- ❑ Forgivable loans to investor buyers of tax-foreclosed property
- ❑ Investor must agree to rent to income-eligible tenants
- ❑ Maximum loan: \$14,999 per unit
- ❑ Buyer must match City loan at least dollar for dollar
- ❑ YTD results
 - 5 loans closed/18 units
 - 1 loan in progress
 - Applications closed

Challenge Fund

□ Goal

- Link renovation of tax-foreclosed properties to neighborhood quality of life activity in concentrated geographic areas

□ Strategy

- Use competitive process to select neighborhoods and development teams
- Sell properties to selected developers; provide grants to offset renovation costs

□ Progress

- Harambee neighborhood
 - Developer team: Riverworks/Housing Authority
 - \$500,000 City grant awarded to renovate approximately 15 properties
 - 4 properties under construction
- Century City neighborhood
 - Developer: Northwest Side CDC
 - \$500,000 City grant awarded
 - \$850,000 Federal Home Loan Bank grant awarded
 - Sale of first 4 properties to close this fall

Special Initiatives

RICH Mortgage Program

- Goals
 - Increase sales of City-owned tax-foreclosed property
 - Provide new source of low-interest mortgage financing to owner-occupants buying tax-foreclosed property
- Strategy
 - Habitat for Humanity purchases and renovates City properties
 - City lends \$600,000 to Habitat for Humanity
 - Habitat re-lends funds to low-income households buying redeveloped properties for owner-occupancy
 - Over time, as borrowers repay Habitat, Habitat repays funds lent by City
- Progress
 - Final loan agreement with Habitat being prepared

Rehab to Rent Program

- Goal
 - Test viability of developing a portfolio of City-owned rental properties
- Strategy
 - Contract with Friends of Housing to renovate and manage properties
 - Lease properties for three years prior to sale
- Progress
 - **1 home completed**
 - **3** properties under construction; initial lease-up this fall
 - Renovation plan prepared for **6 additional** properties; lease-up following completion

Special Initiatives

T3OP (Lease-to-Own Program)

- Goal
 - Provide tenants of City-owned foreclosed property with opportunity to purchase
- Strategy
 - Provide financial and home ownership counseling to eligible tenants
 - Invest about \$20,000 per property to reduce maintenance costs when tenant takes ownership
 - Sell house for \$1 to tenants
- Progress
 - 32 properties sold to tenants since 2014
 - 13 sales closed in 2016 YTD
 - 25 tenants interested in working with home buyer counselor

Artist Housing/Community Resource Program

- Goal
 - Assist artists to purchase and renovate City-owned foreclosed houses
 - Convert City-owned foreclosed houses to community resource centers
- Strategy
 - Identify developers
 - Provide loans to developers
- Progress
 - Discussions with a group interested in properties in Bronzeville for artists' housing
 - Discussions with a group interested in a community resource house

Connection to Employment

	# of local / minority contracts	# of Residents Employed	% of Hours to Resident	% of Hours to RPP	Contract Value
Department of City Development*					
• HIPF	4	28	83%		\$241,094
• Lease-to-Own	15	41	86%		\$372,456
Department of Public Works					
• Maintenance (Grass/Snow)	4	77 (RPP)		61%	\$1.5 Mil.
Department of Neighborhood Services**					
• Deconstruction**	3	31		80%	\$221,720

*Over 70% of City dollars invested for STRONG, HBA, SNP Rental Rehab, and T3OP combined went to minority-owned contracting firms

**Estimated figures, actual figures will be provided January 2017

Vacant Lot Beautification

- Remove blight, add vibrancy, and ecological restoration on city owned vacant lots
- Interdepartmental cooperation with Mayor's Office, ECO, DCD, and DPW
- ECO add 20 pocket parks and community orchards in 2015 using grant funds and community engagement strategy
- 2016 strategy focuses on vacant lot beautification on North Avenue corridor & Vacant Lot Challenge



Budget Comparison

	2016 Adopted	2017 Proposed	\$ Change	% Change
Prevention	\$1,191,729	\$1,299,621	\$107,892	9.05%
Mitigation	\$5,837,727	\$7,083,227	\$1,245,500	21.34%
Revitalization	\$3,680,000	\$4,317,000	\$637,000	17.31%
Renewal	\$784,432	\$1,185,000	\$400,568	51.06%
Total Funding	\$11,493,888	\$13,884,848	\$2,390,960	20.80%

- ❑ SNP accomplishes its goals by coordinating the expertise and resources from multiple city departments
- ❑ Community organizations are also important partners in a number of SNP programs

2017 Highlights

- 2017 SNP funding supports;
 - Continuation of core programs like **Strong Homes Loan** program, supporting an average of 90 homeowners
 - **Compliance Loan expansion** with increased allocation and estimated capacity for 60 loans
 - **Demolition and deconstruction** activity increased to cover 248 properties
 - **Rehabilitation** resources increased by \$900K with state funding support
 - **Citywide commercial programs** complement SNP renewal efforts with \$1.35 million available for potential and existing businesses

Funding Sources

<i>Funding Source</i>	City O&M	City Capital	State of Wisconsin	Other Sources
<i>2017 Amount</i>	\$4,117,848	\$6,900,000	\$2,000,000	\$867,000

- ❑ State funding will support increased rehabilitation, demolition, and deconstruction efforts
- ❑ Other funding sources include;
 - Community Development Block Grant funds
 - Private funding to support Strong Home Loans
 - TID Housing Increment for In Rem Property programs

Performance Goals

Activity	2014	2015	2016 YTD	2017 Goals
Improved Property Sales	437	530	351	400
Vacant Lot Sales	99	244	123	200
Demolitions	381	136	85	223
Deconstruction	99 *	16	5	25
Strong Homes Loans	N/A	91	72	90
Code Compliance Loans	5	34	36	60
In Rem Property Program	57	89	37	TBD

* 2014 deconstruction focused on blighted garages

- ▣ In Rem Property Program includes activity for the following incentive based programs:
 - *Lease-to-Own program*
 - *Homebuyer Assistance Program*
 - *Rental Rehabilitation Program*
 - *Challenge Fund*
- ▣ Continue to build on Partnerships

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milwaukee.gov/STRONG

Thank you!

