

DEPARTMENT	BUDGET EFFECT	TAX LEVY EFFECT	TAX RATE EFFECT PER \$1,000
SPECIAL PURPOSE ACCOUNTS (DCD), CAPITAL IMPROVEMENTS (DCD)	\$+50,000	\$+0	\$+0.000

AMENDMENT INTENT

This amendment creates a new Art & Resource Buildings capital account, with an appropriation of \$100,000, to fund a pilot loan program for the purchase of *in rem* properties to be used as artistic studios, live/work spaces and/or community resource centers. Offset through a \$50,000 reduction in the Land Management SPA and a \$50,000 increase in revenues.

BACKGROUND

1. The Department of City Development is responsible for managing an inventory of over 1,200 improved, City-owned properties acquired through the *in rem* foreclosure process.
2. Until these *in rem* properties are sold and returned to the property tax roll, they are a drain on City finances in that they require regular maintenance (grass cutting, snow removal, boarding, etc.), while generating no property tax revenues for the City.
3. One potential innovative reuse of these properties is to sell them for use as artistic studios, live/work spaces and/or community resource centers. These "resource houses" or "resource hubs" could provide the neighborhoods around them with: space for community meetings or classes, or offer information about housing, employment or education resources available to area residents. A privately-owned resource house currently operates in the vicinity of 2nd Street and Keefe Avenue.
4. Approximately 350 of the City's *in rem* properties are tenant-occupied. The 2016 Proposed Budget for the Redevelopment Authority (RACM), which receives the rental income from occupied *in rem* properties, indicates rental revenues of \$1.1 million from dwellings and \$270,000 from non-residential tenants.

DISCUSSION

1. This amendment would create a new Art & Resource Buildings capital account, with an appropriation of \$100,000 for 2016, to fund a pilot loan program for the purchase of *in rem* properties to be used as artistic studios, live/work spaces and/or community resource centers. This capital improvement account would be under the control of the Department of City Development, which is responsible for the managing and marketing of the City's inventory of *in rem* properties.
2. Under the proposed DCD-administered loan program, a loan of up to \$25,000, with a 50% match by the purchaser, would be made to a person or organization who buys an *in rem*

property (residential, commercial or mixed-use) for use as an artistic studio, live/work space and/or community resource center. The program would give priority to loans for properties in neighborhoods that lack community centers or formal neighborhood organizations.

3. The amendment offsets the cost of creating the new capital account through a \$50,000 reduction in the DCD-administered Land Management SPA (from \$876,000 to \$826,000) and a \$50,000 increase in revenues.

EFFECT

1. This amendment adds \$100,000 in capital funding (cash revenues and cash levy) to the 2016 Budget.
2. This amendment results in a budget effect of \$+50,000, but has no effect on the tax levy or tax rate.
3. If revenue from the rent proceeds of *in rem* properties is recognized by the Comptroller, this amendment has no effect on the budget, tax levy or tax rate.

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Legislative Reference Bureau
October 29, 2015
9A-DCD Capital – Create 100K Art and Resource Buildings alternative funding.rtf

OBJECTIVE, OVERALL BUDGET LEVY EFFECT OF THIS POSSIBLE AMENDMENT TO THE 2016 PROPOSED BUDGET

By Ald. Coggs, Stamper

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Item

9A

SPECIAL PURPOSE ACCOUNTS, CAPITAL IMPROVEMENTS, SOURCE OF FUNDS FOR CAPITAL IMPROVEMENTS BUDGET

Create a \$100,000 Art and Resource Buildings capital account to fund a pilot loan program. The program will provide up to \$25,000 with a 50% match from the purchaser to buy In Rem residential or commercial mixed use properties for use as artistic studios and/or community resource centers or as living space. The Common Council will need to adopt legislation to create this loan program. The funding for this program results from a \$50,000 reduction to the Accelerated In Rem Foreclosure Filings programs. The remaining \$50,000 in funding will come from revenues.

BUDGET EFFECT	TAX LEVY EFFECT	TAX RATE EFFECT (PER \$1,000 A.V.)
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Operating Budget	\$-50,000	\$-50,000	\$-0.000
<u>Capital Improvements Budget</u>	<u>\$+100,000</u>	<u>\$+50,000</u>	<u>\$+0.000</u>
Total	\$+50,000	\$+0	\$+0.000

BMD-2 PAGE AND LINE NUMBER	DETAILED AMENDMENT	CHANGE IN 2016 POSITIONS OR UNITS COLUMN		CHANGE IN 2016 AMOUNT COLUMN	
		NUMBER TO BE CHANGED	AMOUNT OF CHANGE	AMOUNT TO BE CHANGED	AMOUNT OF CHANGE
320.3-7	SECTION I.A.1. BUDGETS FOR GENERAL CITY SPECIAL PURPOSE ACCOUNTS- MISCELLANEOUS Land Management	--	--	\$876,000	\$-50,000
450.11-9	SECTION I.C.1. BUDGETS FOR CAPITAL IMPROVEMENTS DEPARTMENT OF CITY DEVELOPMENT Immediately following the line: "Cash Levy" Insert the following lines and amount: "Art & Resource Buildings" "Cash Revenues" "Cash Levy"	--	--	--	\$+50,000 \$+50,000
450.35-22	SECTION I.C.2. SOURCE OF FUNDS FOR CAPITAL IMPROVEMENTS BUDGET Property Taxes Cash Levy	--	--	\$974,000	\$+50,000
450.35-25	Capital Improvements Revenues *** Cash Revenues-Total	--	--	\$19,100,000	\$+50,000

