

2023



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DEPT. OF CITY DEVELOPMENT



2023 Proposed Plan and Executive Budget Review

Prepared by: Jeff Osterman, Legislative Research Supervisor
Budget Hearing: 1:30 pm on Tuesday, October 11, 2022



\$5,045,180

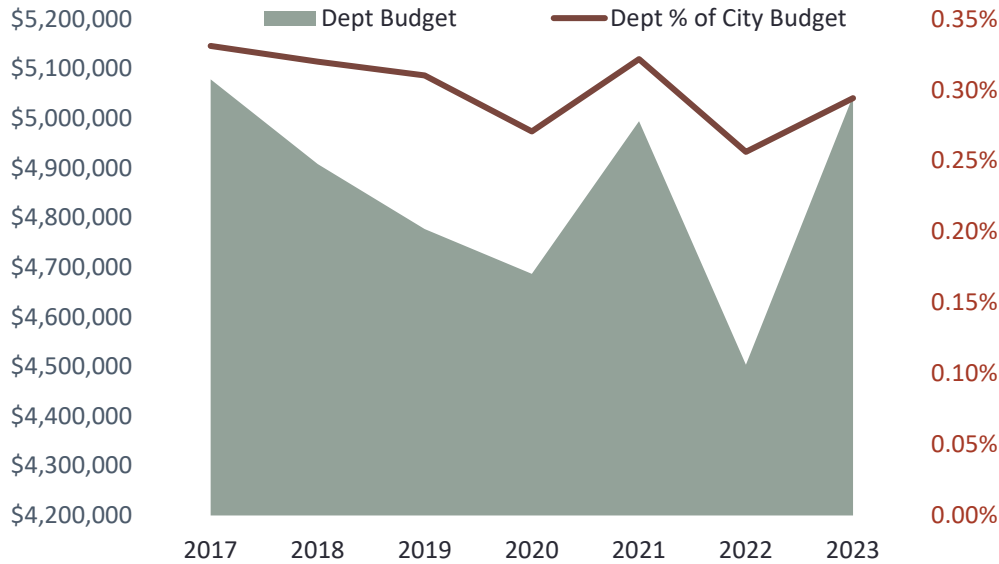
Proposed 2023 Budget

\$541,780

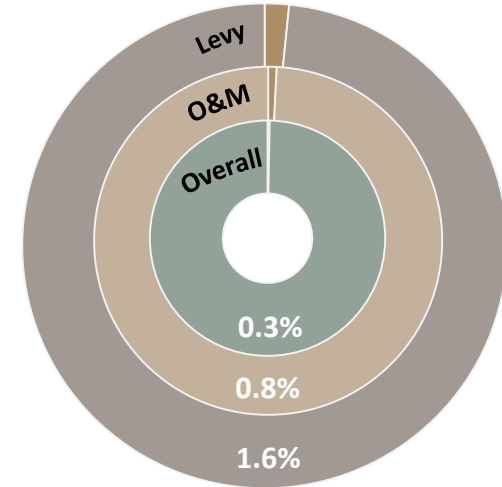
Change in Proposed Budget

12.0%

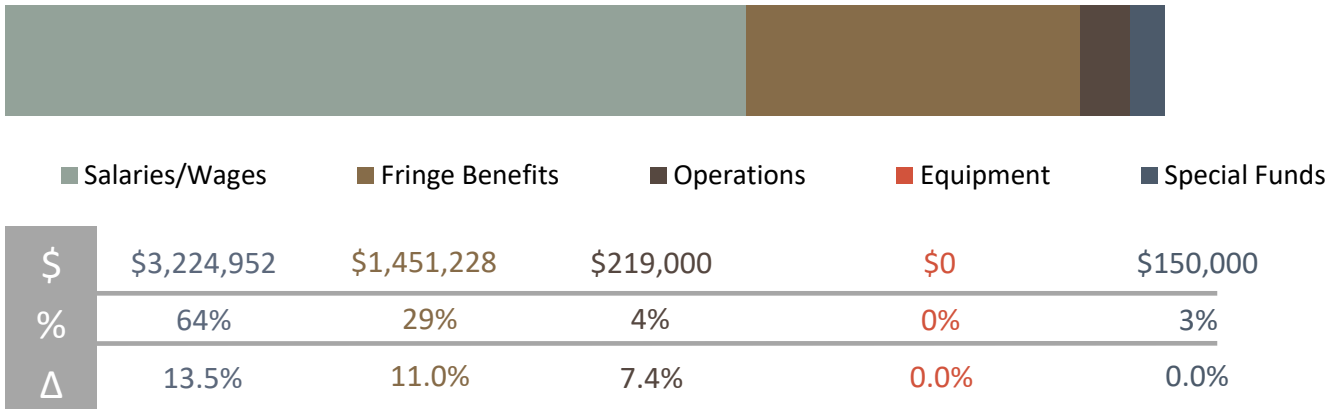
% Change in Proposed Budget



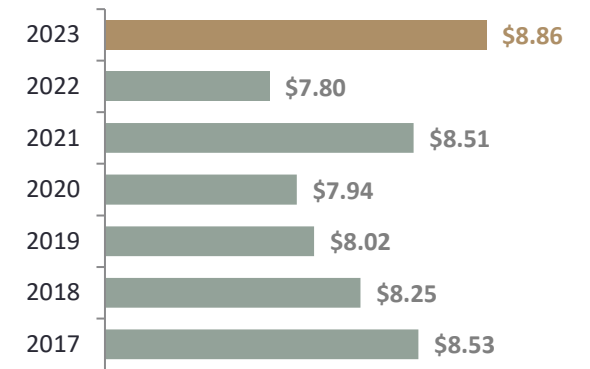
Departmental Budget Impact



Departmental Budget Appropriation Category



Budget per Capita



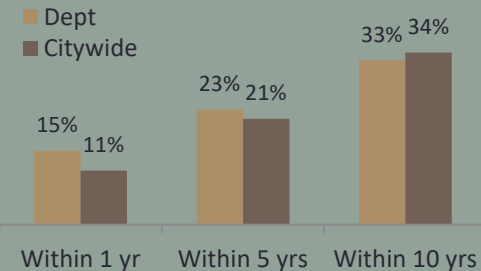
\$5,187,360

Requested Budget
\$142,180 (+2.8%) more than
Proposed Budget.

\$1,023,416

Reimbursement from RACM
for salaries of DCD
positions in 2023.

Retirement Eligible



1

Change in Positions

0.8%

% Change in Positions

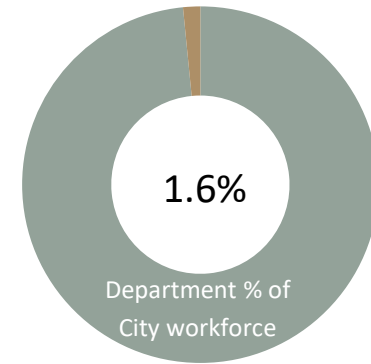
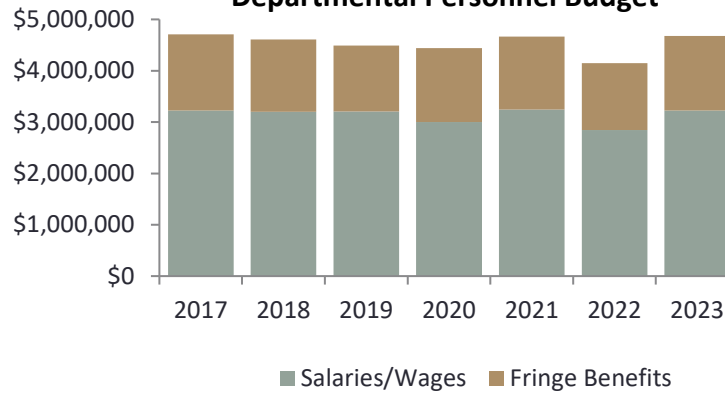
3

Current Vacancies

3

Voluntary Separations

Departmental Personnel Budget

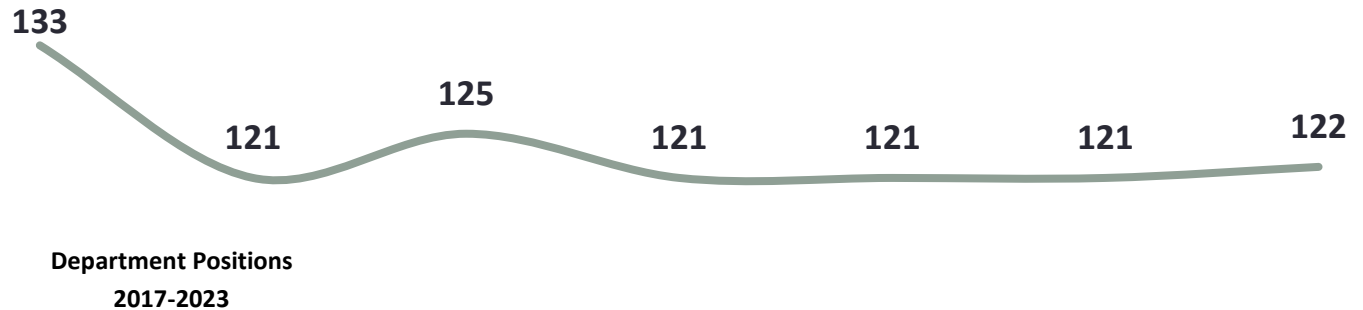


Staffing Update: Current Vacancies

- DCD Accountant Lead – vacant 6/2/22; awaiting external posting by DER.
- Economic Development Specialist - vacant 7/23/22; no active recruitment.
- Office Assistant IV – Vacant 7/9/22; no active recruitment.

Staffing Update: Position Changes

- 2 positions eliminated for 2023: Economic Development Specialist (Commercial Corridor team) and Office Assistant IV (Real Estate section). Both positions are vacant.
- 3 new ARPA-funded positions created, all in the Housing Development section: Community Outreach Liaison, Housing Rehab Specialist and Real Estate Specialist.



76

Number of grants (primarily façade, signage and white box grants) DCD awarded to local businesses in 2021 using funds from the Commercial Investment Program capital account. Total funds awarded: \$1.1 million.

\$2,966,140

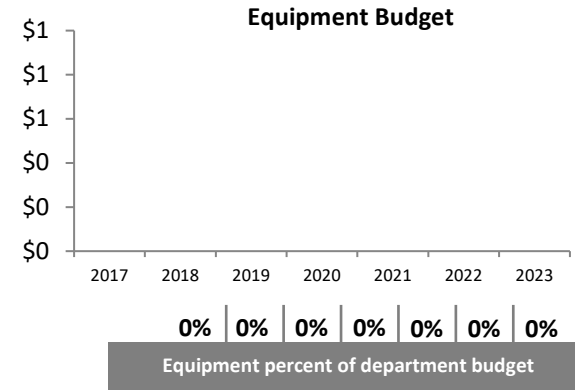
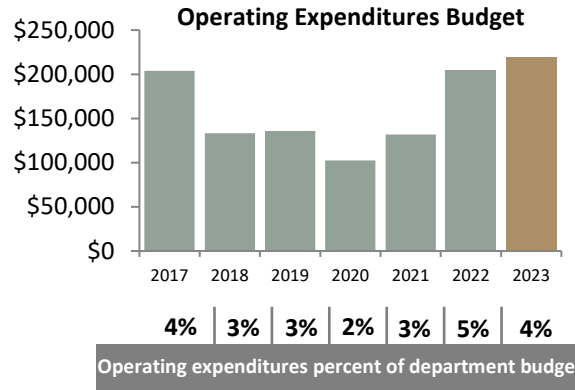
Total proceeds from the sale of 249 improved properties by DCD in 2021. DCD-Real Estate also sold 114 vacant lots.

58

Current active tax incremental districts, including one new TID created in 2022 (TID #109 - Michigan Street Commons).

16

Number of residential lots sold by DCD for new home construction so far in 2022, compared to 18 lots in all of 2021.



Revenue

- Projected to be \$1,055,000 in 2023.
- Up \$10,000 (+1.0%) from 2022 Budget.
- Most revenue categories unchanged for 2023.
- The department anticipates \$20,000 in 2023 rental revenue from 6 foreclosed properties renovated in 2016-2017; excess revenue is returned to the City annually.

Special Purpose Accounts

- Land Management SPA \$676,000 (no tax-levy funding in 2022, but same amount had been budgeted and expended in 2021)
- Milw. Arts Board Projects SPA \$250,000 (no change from 2021)
- Milw. 4th of July Comm. SPA \$125,000 (no change from 2022)

Grants

- Will fund \$787,890 in DCD salary costs in 2023, down 12.0% from 2021.
- CDBG, HOME and ARPA program funding.
- 30 positions wholly or partially grant-funded.
- Grant-funded positions are found in all DCD sections except Commissioner’s Office and Planning.

Capital Projects

- 6 projects totaling \$39.6 million.
- Up \$3.15 million (8.6%) from 2022.
- Funding for tax increment financing projects increases by \$2 million (5.7%).
- 2 existing capital projects that were not funded in 2022 – In Rem Property Maintenance Program and Strong Homes Loan Program – receive additional funding in 2023 (\$400,000 and \$1.0 million, respectively).

150

Number of properties to be sold to 15 buyers by DCD and renovated for affordable home ownership and rental through the ARPA-funded Homes MKE Program.

70

Total number of Strong Homes Loans closed in 2021, totaling about \$1.198 million, to assist homeowners with emergency and critical repairs.

643

Approximate number of improved *in rem* properties maintained by DCD with funding from the Land Management SPA (\$676,000 budgeted for 2023) and rental income.

\$207,000

Total amount of tax assistance payments, to 224 homeowners, through the Anti-Displacement Fund

Special Funds

- Total 2023 funding of \$150,000, the same as the 2022 Adopted Budget.
- No change in funding levels for the Economic Development Marketing (\$35,000), Milwaukee 7 Contribution (\$15,000) and Healthy Neighborhoods (\$100,000) special funds.

American Rescue Plan Act (ARPA) Funding

- In 2023, ARPA dollars will be used for 3 DCD capital programs:
 - Advanced Planning Fund (\$100,000).
 - In Rem Property Maint. Prog. (\$400,000).
 - Strong Homes Loan Program (\$1 million).
- ARPA funding will also for 3 new positions:
 - Community Outreach Liaison – spearheads outreach efforts for DCD’s ARPA programs.
 - Housing Rehab. Specialist – responsible for technical assistance and oversight for housing programs and rehab projects being carried out through DCD’s ARPA plan.
 - Real Estate Specialist – assists in management of City’s ARPA real estate initiative, including acquisition and disposition of City tax-foreclosed properties for redevelopment as affordable housing.

Capital Improvements (Significant Changes)

- The Proposed Budget provides \$12 million to pay the increments on current developer-financed TIDs, up from \$10 million in the 2022 Budget.
- The In Rem Property Maintenance Program receives \$400,000 in new funding for 2023. No City capital funding was provided in 2022. Actual 2021 expenditures totaled \$481,189.
- Brownfield Program funding is reduced from \$750,000 to \$500,000. Actual 2021 expenditures were \$530,953.
- The Proposed Budget provides \$1 million in capital funding for continuation of the Strong Homes Loan Program. No City capital funding was provided in the 2022 Budget. Actual 2021 expenditures totaled \$1,077,332.

“BIDs,” “NIDs” and “TIDs”

DCD is responsible for administrative oversight of the City’s 31 active business improvement districts (“BIDs”; last district created in 2017), 9 active neighborhood improvement districts (“NIDs”; last district created in 2020) and 58 active tax incremental districts (“TIDs”; one new district created in 2022). Three TIDs were also dissolved in 2022.

In Rem Property Management

One of the primary functions of DCD is to manage the City’s substantial inventory of properties acquired through the *in rem* foreclosure process. The following table shows trends in the number of *in rem* properties acquired by the City over the past 12 years:

Year	Number of Properties Added	Year	Number of Properties Added
2011	360	2017	523
2012	775	2018	134
2013	657	2019	694
2014	587	2020	111
2015	764	2021	345
2016	661	2022 YTD	99

Healthy Neighborhoods Initiative

Community Improvement Project (CIP) Grants	2021 Community Improvement Projects
<ul style="list-style-type: none"> Administered by NIDC. Maximum grant \$4,000. Grants are reimbursable grants and require dollar-for-dollar match of non-City funds. Available citywide. Grants used for physical neighborhood projects, not commercial purposes or salaries. 	<ul style="list-style-type: none"> 30 projects citywide. Total grant value: \$37,695; leveraged more than \$137,000. Examples of projects: <ul style="list-style-type: none"> - Safety lighting - Rain gardens - Community art - Gateway signage - Educational murals

Funding Sources – DCD Positions

Positions in DCD are funded by a variety of sources, including the City tax levy, grants (CDBG, HOME, ARPA), capital and RACM reimbursement. The funding sources for funded, non-Housing Authority, non-intern DCD positions in 2020-2022 are:

Funding Source		2021	2022	2023
Sole-Source Funding	City tax levy	33	33	31
	CDBG/HOME	1	1	0
	Capital	1	1	1
	ARPA	0	0	3
	RACM	7	8	7
Combination Funding		35	34	36
Total		77	77	78

Of the 36 “combination” positions for 2023, the most common funding arrangements are:

- CDBG and tax levy - 18 positions
- RACM and tax levy - 7 positions
- Capital and tax levy – 4 positions

Housing Infrastructure Preservation Fund

	2021 Total	2022 YTD
Properties assisted	2	2
Properties sold	1	6
Total expenditures	\$75,234	\$37,650
Total sale proceeds	\$33,750	\$6