

City of Milwaukee
\$1 House Sales to Non-Profit Organizations
Program Terms

Program goals

- 1) Incentivize the purchase and renovation of City-owned, tax-foreclosed properties by qualified non-profit organizations.

- 2) Reduce the City's inventory of aging, low-value properties.

Program strategy

Sell aging, low-value properties in the City's inventory to qualified non-profit organizations for \$1 plus closing costs.

Eligible properties

Properties meeting the following criteria will be made available for \$1 sale:

- 1) The property has been on the market for at least 60 days.

- 2) The property has a maximum asking price of \$20,000 at the time the offer is tendered.

Eligible properties will be listed and identified on the DCD real estate web site. Properties will be removed from DCD's marketing channels only upon receipt of an offer to purchase.

Upon sale, the use of the property must be consistent with the aldermanic directive received by DCD at the time the property was acquired (e.g., owner-occupied or investor-owned).

Eligible buyers

To ensure high-quality renovation, management and marketing of properties, buyers must meet certain criteria to qualify for \$1 sales. The documentation described below must be submitted along with the buyer's initial offer to purchase property from the City of Milwaukee. This information will be kept on file for future purchases.

- 1) The buyer must be a registered 501(c) (3) organization; the IRS letter of determination must be submitted to document this status.

- 2) The buyer must demonstrate experience in residential renovation.
 - a. For homeownership projects, the organization must provide documentation of experience in the acquisition and rehabilitation of residential properties for homeownership and prepare a marketing strategy/plan for sale of the property to an owner-occupant. Members of the team that will be involved in renovation and marketing must be identified.
 - b. For rental projects, the organization must provide documentation of experience in the acquisition and rehabilitation of residential properties for rental, including property management experience. Members of the team that will be involved in renovation and management must be identified.

If the buyer does not have previous experience in residential renovation, the buyer must submit information that demonstrates that team members (general contractor, real estate agent, property manager, etc.) have previous relevant experience that will ensure the project's success.

- 3) Buyers are required to show proof of financing for renovation work prior to closing. Such proof may include a commitment letter from a lender; a commitment letter from the City of Milwaukee for a loan or grant made through a City housing finance program and bank statements. Buyers must complete renovation work within 90 days of property acquisition. Buyers are subject to a deed restriction that prohibits resale within two years of acquisition, unless that sale is to an owner-occupant. Buyers who utilize City, CDBG or HOME funds to complete renovation are subject to a deed restriction that prevents resale within five years of acquisition. In the case of buyers who use an acquisition/rehabilitation/resale program model, the deed restrictions outlined above will apply to the buyer who purchases the renovated property from the developer.
- 4) Buyers must conform to standard City buyer policies.
- 5) If the non-profit organization intends to hold properties as an investor, the property shall be subject to real estate taxes.

Offers to purchase

Offers to purchase shall be made directly to the City real estate office, using a City-supplied form. Broker commissions will not be paid on the sale of properties through the \$1 program.

If a buyer seeks to purchase multiple properties, it is preferable that properties be clustered geographically. Offers to purchase properties in bulk will be evaluated based on the buyer's previous track record and level of proposed investment in the properties.

For buyers that have not previously purchased property from the City of Milwaukee, the City reserves the right to require proof of successful performance on the first property sold before accepting additional offers to purchase from the buyer.

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