


## City of Milwaukee Department of City Development

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### MEMORANDUM

TO: Common Council Finance and Personnel Committee

FROM: Martha L. Brown   
Deputy Commissioner

DATE: October 9, 2014

SUBJECT: Renovation costs of City-owned tax-foreclosed property

At the Strong Neighborhoods Plan budget hearing on October 8, there was discussion of the costs of renovating City-owned tax-foreclosed property for the purpose of operating a rental program. Aaron Szopinski indicated that DCD rehabilitation staff had undertaken an exercise in which staff developed renovation scopes of work for several typical properties. Ald. Coggs asked for additional information about this evaluation.

The attached document summarizes the results of this exercise, which included three single-family homes and one duplex.

You will note a column in the summary chart labeled "DNS Rehab Estimate." A DNS inspector prepares a basic scope of work for every tax-foreclosed property marketed by the department. This scope describes the amount of renovation required to bring the property into compliance with the City's building maintenance code. You will note that the scope prepared by DCD rehab staff is significantly more costly, because it includes items such as lead abatement and replacement of major items such as furnaces or roofs that are adjudged likely to fail within five years.

Representatives of the Housing Authority of the City of Milwaukee and a local real estate property management firm visited the properties and reviewed the DCD scopes of work. The private property management firm adjudged the DCD scopes to be within 5% of the amount the firm would expect to invest in the property. The Housing Authority representative indicated that, in his view, the DCD scopes were under what HACM would spend if it were to renovate the same properties for a scattered site rental program.



Rehab to Rent Property Sample  
 Scope of Work Summary  
 Prepared by Department of City Development  
 August 28, 2014

Address	Property Type	Bedrooms	DNS Rehab Estimate	DCD Detailed Scope Estimate	Difference	Percentage Difference	Asking Price	Assessed Value
3351 N. 23rd St.	SF	2	\$21,775	\$53,945	\$32,170	148%	\$6,000	\$22,800
3419 N. 23rd St.	SF	3	\$36,287	\$72,215	\$35,928	99%	\$7,800	\$34,300
3425 N. 21st St.	SF	4	\$33,850	\$58,670	\$24,820	73%	\$5,500	\$39,200
3319 N. 23rd St.	Duplex	4/3	\$14,970	\$79,035	\$64,065	428%	\$14,700	\$41,400
3329-31 N. 24th Pl.	Duplex	3/2	\$34,005	N/A*	N/A	N/A	\$8,200	\$59,800

*\*It was determined 3329-31 N 24th Pl. was not a feasible rehab candidate given the extensive amount of work required and no scope of work was prepared for this property.*

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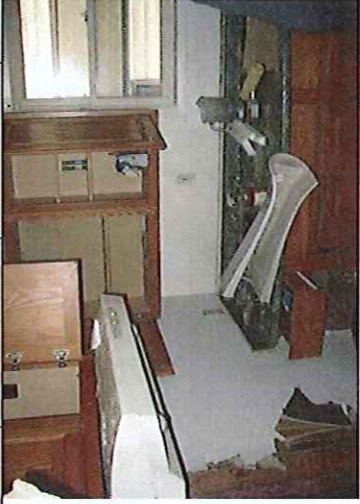


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