

## LRB – FISCAL REVIEW SECTION ANALYSIS

MAY 17, 2005 AGENDA  
COMMUNITY & ECONOMIC DEVELOPMENT COMMITTEE

ITEM 3, FILE 041702  
Emma J. Stamps

File No. 041702 is a resolution authorizing the transfer and expenditure of \$50,000 from the Development Fund to fund the New Homes Milwaukee initiative for new residential construction in the City of Milwaukee. (DCD)

### Background

1. The 2005 Budget provides \$2 million in capital funding for the Development Fund.

### Discussion

1. The Development Fund uses General Obligation borrowing authority. Traditionally, these funds support economic development “projects too small to warrant or is not appropriate to create a TID” (p. 63, 2004 Plan and Budget Summary).
2. File 041702 authorizes and directs the appropriate City officials to transfer \$50,000 from the Development Fund Account (a general account) to the New Homes Milwaukee initiative account (UR03397100) for new single-family residential home construction on city-owned vacant lots throughout the city.
3. DCD real estate and NIDC will collaborate on this project. The lots will sell at prices established by the Common Council, typically \$1 each if the lot is located in the block grant area, and market-rate if the lot is outside of the Block Grant Area.
4. The grant would offset extraordinary costs such as removal of rubble and installing new sewer and water laterals. According to DCD, laterals cost an average \$8,000 per installation.
5. Funds held in the New Homes Milwaukee initiative account will be credited at closing to new homebuyers who build new residential homes on city-owned vacant lots.
6. The city will issue 5-year, 0% interest, forgivable second mortgages for this assistance. If the homebuyer complies with all conditions of the mortgage, including a 5-year residency, no repayment of the mortgage is required. Otherwise, repayments will be prorated.

### Fiscal Impact

1. This resolution allows for transferring \$50,000 of the 2005 \$2 million GO borrowing funds in the Development Fund toward a specific, authorized New Home initiative project account UR03397100 for new residential home construction.
2. Per DCD, grants will be awarded on first come, first serve basis. For parcels within the block grant area, applicants will be screened for city assistance using HOME, CDBG, and Development Fund, respectively based on income. Parcels outside the block grant area would qualify for Development Fund assistance only.
3. In the DCD spreadsheet dated 4/20/2005, the Development Fund has \$2,037,947 in available funds and \$2,487,947 in demand for priority projects, or \$450,000 funding need to completely fund the “wish list.” (see attached)

Cc: Marianne Walsh  
Rocky Marcoux  
Martha Brown  
James W. Sayers

W. Martin Morics  
Mark Nicolini  
Tom Croasdaile  
Michael Veith

Prepared by: Emma J. Stamps X8666  
LRB – Fiscal Review Section  
May 16, 2005