



Department of City Development
City Plan Commission
Redevelopment Authority of the City of Milwaukee
Neighborhood Improvement Development Corporation

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To the Honorable Members of the
Zoning, Neighborhoods and Development Committee
City of Milwaukee
City Hall, Room 205

Dear Committee Members:

Re: File No. 130736

As your committee considers File No. 130736 relating to expenditure guidelines for the Housing Infrastructure Preservation Fund, I am writing to provide summary data about the operation of the HIPF program.

The fund was initially established in the 2010 City budget, and has been allocated \$2.3 million through the end of 2013. Fund expenditures to date, which total approximately \$1.8 million, have paid for a variety of exterior improvements at 23 properties deemed to have historic or architectural significance. Bids are currently being solicited for work at two additional properties.

To provide protection from the elements, roof replacement has been a priority work item for these homes. Other work items have included foundation repairs; porch replacement; replacement of siding; carpentry work, including repair of fire damage at several properties, and masonry repairs. Investment at individual properties has ranged from \$27,712 to \$173,378. The average per-property expenditure is \$78,529. Expenditures at seven properties were less than \$50,000. Expenditures at 10 properties exceed \$100,000. Detailed information about the expenditures at all properties is included with this letter.

Upon completion of the exterior work paid for with HIPF funds, these properties are marketed for sale. To date, six properties (including one for which the closing has not yet been held) have been sold to individual buyers. Three properties have been sold to the Neighborhood Improvement Development Corporation for \$1. The City has realized revenue of \$134,753 from the sale of these nine properties. Excluding the \$1 sales to NIDC, the average sale price per property is \$22,458.

Twenty-one of the 25 properties receiving HIPF investment are designated historic through either the City of Milwaukee local designation process or through listing on the National Register of Historic Places. Four carry no historic designation.



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Proposed Substitute A would cap per property expenditures at the 2008 assessed value of the property. To help you evaluate that scenario, I have provided information about the assessed values of the properties in the HIPF portfolio. The value of the portfolio has dropped by 23% since 2008, the year in which residential values peaked.

Half the properties in the portfolio have not been assessed since 2010 or earlier; had these properties been assessed more recently, following the general pattern of value loss found throughout Milwaukee neighborhoods in 2011 and 2012, the value of the portfolio would be even lower.

The chart also compares actual HIPF expenditures to the most recent assessed value of the properties in the portfolio. Expenditures for nine of the properties exceed their most recent assessed value.

In addition to the exterior work done with HIPF funds, these properties generally require significant interior renovation. The Department of Neighborhood Services prepares cost estimates for necessary interior work; these estimates are provided to prospective buyers. According to the DNS estimates, the properties in the HIPF portfolio require, on average, additional investment by buyers of \$68,150. Buyers would have the opportunity to reduce this total by doing some work themselves. If the property is listed on the National Register of Historic Places or located in a National Register historic district, buyers also have the opportunity to claim Historic Preservation Tax Credits to defray the cost of renovation.

I hope this information is helpful to you.

Sincerely,



Martha L. Brown
Deputy Commissioner

Attachments