

# Rental housing rehabilitation program

Zoning, Neighborhoods and  
Development Committee

December 8, 2015

# Objective

- Track and evaluate costs and benefits of actively renting vacant City-owned properties
  - Capital investment required to renovate properties and attract good tenants
  - Operating costs
  - Appropriate rent levels
  - Tenant attraction and retention



# Program approach

- Renovate 20 to 30 City-owned one- and two-family residential properties
- Manage properties as affordable rentals for up to 3 years
- City sells properties at end of 3 years



# Vendor responsibilities

- Work with DCD to identify properties
- Prepare scope of work and cost estimates for moderate renovation
- Renovate properties and prepare them for occupancy
- Manage properties
  - Market units
  - Identify and screen tenants
  - Enter into leases
  - Periodic unit inspections
  - Respond to tenant requests for repairs
  - Routine maintenance
  - Rent collection
  - Evictions

# Budget (\$1 million)

- City provides funds to cover 100% of renovation costs
- Rents, net of property management expenses, returned to City
- Vendor fees:
  - Construction management
  - Property management
  - DCD will establish reserve



# Human resource requirements

- For construction work performed by subcontractors:
  - 40% SBE requirement
  - 40% RPP requirement



# Competitive procurement

- DCD issued Request for Qualifications
  - Property renovation
  - Property management
- Four proposals received
- Evaluation based on:
  - Experience
  - Capacity
  - Cost
- Selected vendor: Friends of Housing Corp.
  - Manage 292 scattered site properties in Milwaukee
  - 3 SBE partners
    - Quorum Architects
    - Atlas Contractors
    - Better Way Construction

# Today's resolution

- Authorizes expenditure of up to \$1 million to fund:
  - Property renovation
  - Reserve
- Authorizes DCD to enter into contract with Friends of Housing





# Next steps

- Contract with vendor
- Select properties
- Vendor writes scopes of work and cost estimates
- DCD approves or modifies scopes
- Construction begins
- Lease-up when units are complete
- Annual performance report to Council

