

Challenge Fund grant to Pastors United

Zoning, Neighborhoods and Development Committee

September 18, 2018

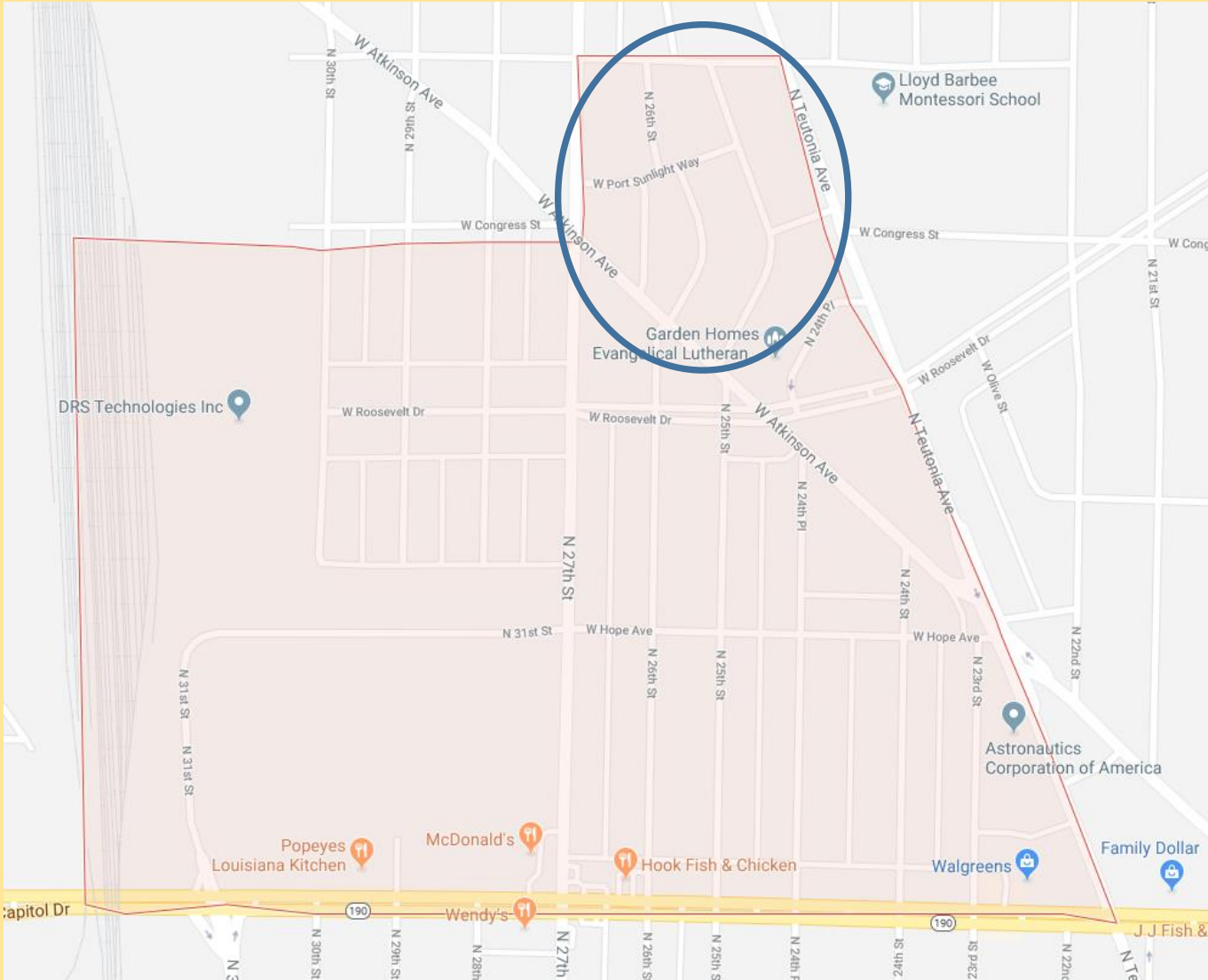
Challenge Fund

- Created in 2014 as a Strong Neighborhoods Plan initiative
- Goal: Stabilize neighborhoods with large numbers of tax-foreclosed properties
- Strategy: Incentivize purchase and rehab of tax-foreclosed properties in targeted geographies
- Grants awarded (\$500,000 each)
 - Housing Authority of the City of Milwaukee/Harambee
 - Northwest Side Community Development Corporation/neighborhoods near Century City
- HACM: Ready-to-Go Homes project underway
- NWSCDC: Unable to complete project

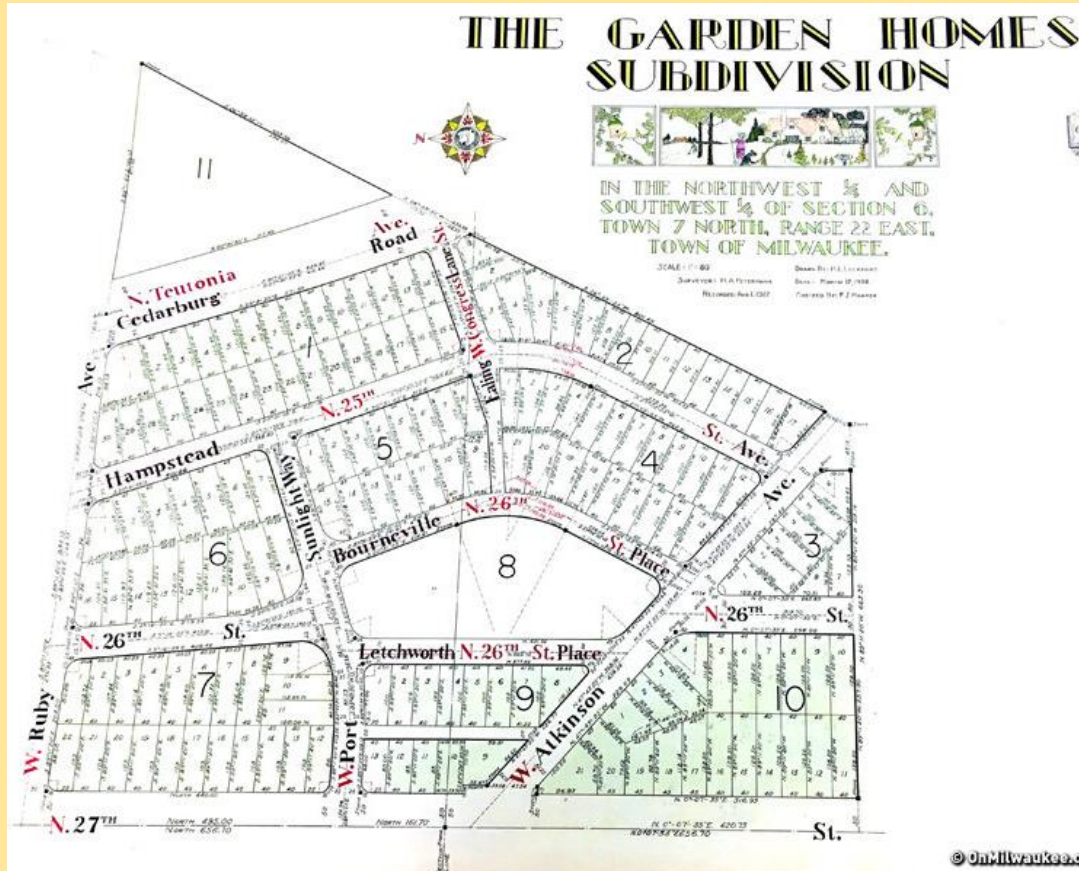
Pastors United Community Advocacy

- Non-profit organization promoting owner-occupancy
- Faith Builds program
 - Buy/rehab/resell tax-foreclosed properties
 - Provide home buyer education to build a pipeline of buyers
- Purchased 12 properties from City to date

Garden Homes historic district



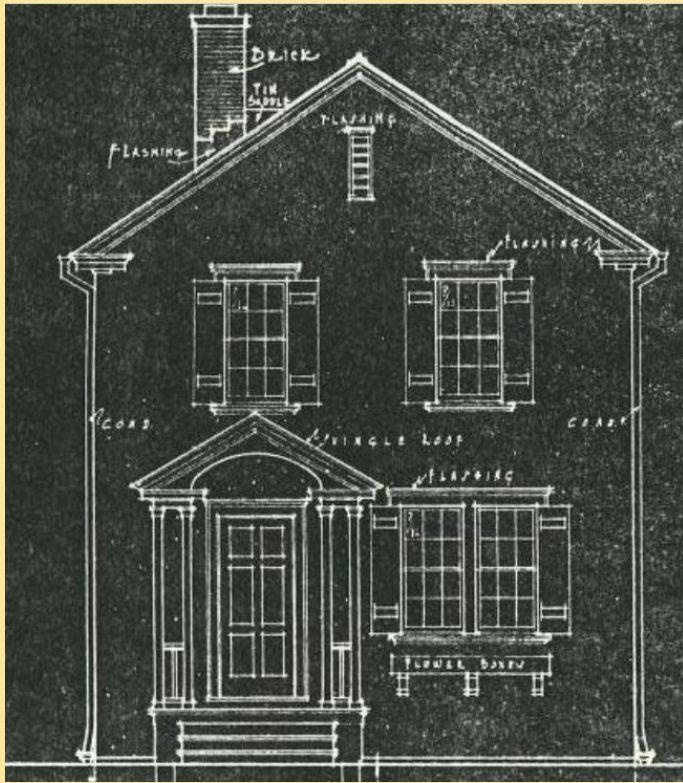
Garden Homes historic district



- 93 modest homes, built 1921-1923
- First municipally-sponsored housing cooperative in US
- National Register Historic District
- City of Milwaukee local historic district since 2013
- Within Milwaukee Promise Zone boundary

Garden Homes development

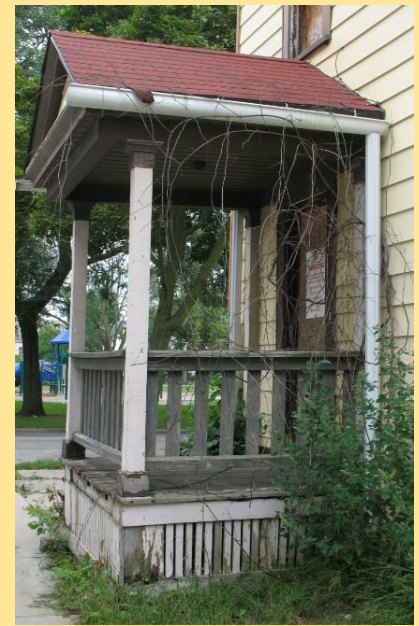




Recent tax foreclosures

- City owns 6 tax-foreclosed houses in historic district
- Housing Infrastructure Preservation Fund used to make exterior repairs at several properties
- Assessed values
 - Range: \$26,800 - \$59,300
 - Average: \$46,833 (Assessment neighborhood avg: \$52,000)
- Current prices range from \$2500 to \$4900



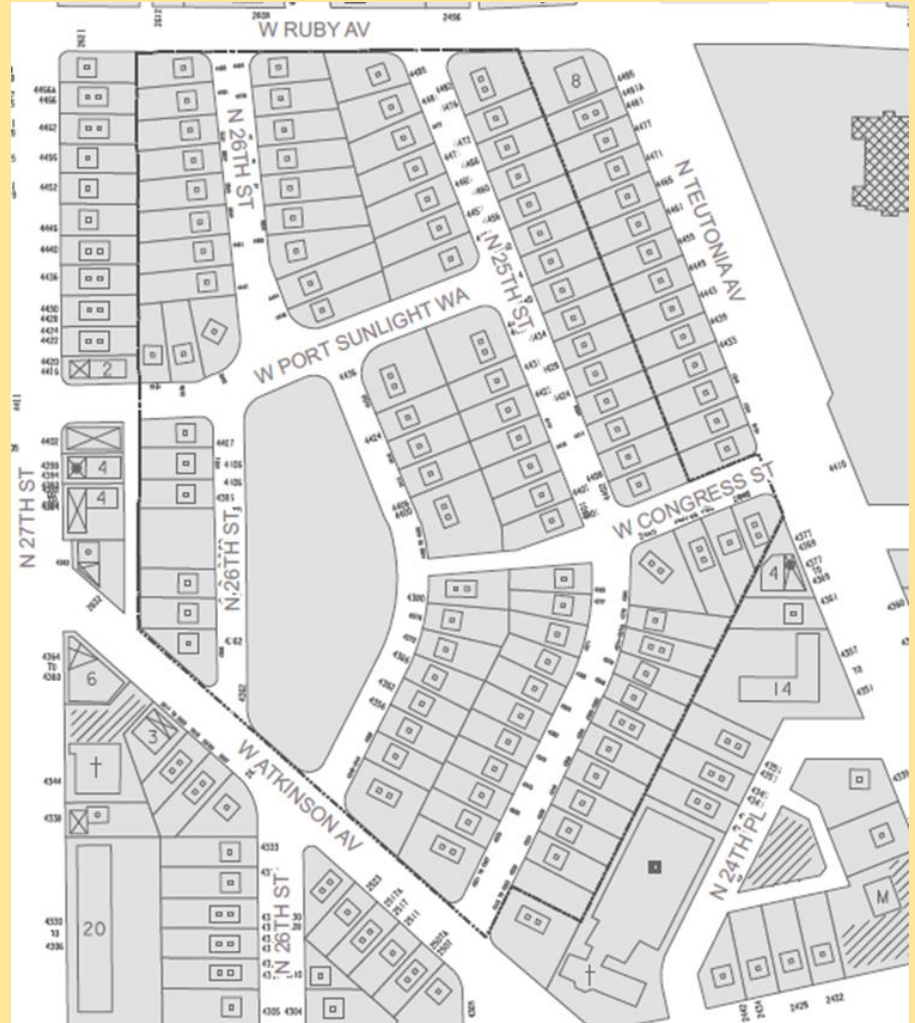


Redevelopment costs

- Developer's estimates
 - Range: \$68,000 to \$144,000
 - Average: \$106,500/property
- Rehab estimates include:
 - Exterior work
 - New garages and wood fences
 - Replace all interior mechanical systems
 - Repair of walls and ceilings
 - Window repair/replacement
- Historic requirements
 - Some flexibility possible on exterior requirements, depending on degree of previous alterations and property deterioration

Proposal

- Sell six City-owned houses to Pastors United for \$1 each
 - 4400 block N. 25th St.
 - 4300 block N. 26th St.
 - 4400 block N. 26th St.
- Pastors United to sell renovated houses to owner-occupants
- Provide \$240,000 Challenge Fund grant to offset difference between renovation costs and likely resale price



Grant terms

- Before closing on property sale, Developer provides:
 - Detailed scopes of work and renovation budgets
 - Evidence of financing commitment
- Completed properties to be marketed to home owner-occupants by Developer
 - Developer must retain ownership if properties do not sell and are converted to rentals
- RPP workers perform at least 1800 hours of work on project
- Grant funds provided as reimbursement following completion of renovation

Supporting initiatives

- Neighborhood located within Milwaukee Promise Zone
- Garden Homes neighborhood plan completed 2018
- Uniting Garden Homes property improvement program

