

Reply to Common Council File Number 130900
From DOA-Budget and Management Division

November 15, 2013

Ref: 13030


Common Council File Number 130900 is a resolution establishing a pilot program in the Department of City Development (DCD) to list city owned residential properties with private, licensed brokers who specialize in the marketing and sale of foreclosed residential property.

The pilot program will allocate up to 100 vacant properties among up to 5 brokers, who will be responsible to market the properties. Brokers will be selected by Request for Qualifications process, and will be paid a minimum per property commission of \$2,000 upon closing of the sale. This effort is part of the Mayor's Strong Neighborhood Investment Plan, and addresses increasing overall sales of city owned properties, returning these homes to the tax base and occupancy.

The intent of the program is to determine the efficacy of private brokerage marketing, compared to existing city efforts, in terms of days on market, offer types, and overall cost. If the brokers prove to be more cost effective at selling similar types of properties relative to the city's existing practices, DCD may expand or increase the number of properties referred to private brokers and broker involvement in city owned residential property sales. The city will continue to maintain the properties, including grass cutting and snow removal.

DCD will report results of the pilot nine months after the selection of participating brokers. The Budget Office does not anticipate a significant fiscal impact as a direct result of this program, though reducing the city's inventory via additional sales will save \$750 to \$1,000 in levy supported spending per year, per property.

**RECOMMENDATION: ADOPT COMMON COUNCIL FILE NUMBER
130900**



Aaron Szopinski
Fiscal Planning Specialist Senior

AJS:dmr

FINANCE: 130900sr.doc