File No. 020306

City of Milwaukee

Department of City Development

Housing Authority
Redevelopment Authority
City Plan Commission
Historic Preservation Commission

Julie A. Penman
Commissioner

Michal A. Dawson
Deputy Commissioner

June 6, 2002

Ald. Paul A. Henningsen, Chair
Zoning, Neighborhoods & Development Committee

Ald. Suzanne M. Breier, Chair
Public Improvements Committee

Mr. Robert Greenstreet, Chair
City Plan Commission

Dear Chairmen:

Subject: Sale of surplus real estate

Enclosed please find a resolution introduced to the Common Council on June 4, 2002.

While this resolution is a matter of routine business, we wanted to call your attention to the fact that significant changes have been made in format and content. These changes are intended to add clarity to the process for Common Council and Plan Commission members and ultimately, save the City money.

The resolution sets forth in summary fashion the requirements spelled out in the Code of Ordinances, and further, incorporates the specific disposition priorities that have been established by Council direction over the years. Moreover, it details the rigorous, yet appropriate requirements placed upon prospective purchasers of City real estate. It should therefore be readily apparent what value the City and the Department place upon responsible property ownership.

An annual cost savings of approximately $14,000.00 will be realized as a result of this constructive change to the resolution. In the past, each and every time a non-profit wanted to purchase a property, a transaction failed to close, or a method of disposition changed, staff would bring an amending resolution before the Council. This may have occurred 40 times per year. With passage of this resolution now and in the future, the Council would "see" property only once, and thus eliminating the need for redundant Council files and duplication of effort.

At this time, I would like to take the opportunity to advise you about the cost-effectiveness of a procedural change implemented in the latter part of 2001. We have privatized the closing end of our real estate transactions. On a fixed fee basis of $225.00 per closing, a title company handles all aspects of closings. This frees up valuable, very limited staff time from document preparation

and appearing at closings, and better allocates that time to sales and marketing. If what we have seen in the first 5 months of 2002 holds true for the remainder of the year, we forecast 158 sales with revenue of $2.1 million. That would be up 26% and 50% respectively from the prior year.

We are presently working on a web-based marketing plan to supplement our newspaper advertising, and, continue to talk up participation with private sector brokers. Those brokers handle all of our showings and write all contracts on behalf of buyers, for which the City pays a 6% commission, plus a $500.00 bonus when contracts are written on behalf of owner occupants.

I am very pleased to submit this real estate disposition update to you and my staff looks forwards to appearing before your committees to review these changes and improvements in greater detail.

Sincerely,

Julie A. Penman
Commissioner

Enclosure