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CITY OF MILWAUKEE

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# **STRONG**

## **NEIGHBORHOODS PLAN**

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Prevention • Mitigation • Revitalization • Renewal



### **Lease to Own Program**

(T3OP - Tenant Transition to Ownership Program)



Produced by the City of Milwaukee  
Department of City Development  
[www.milwaukee.gov/dcd](http://www.milwaukee.gov/dcd)

*Last update: 4/1/2015*

## Program Goals and Milestones:

1. Provide qualified tenants of City-owned foreclosed properties with the opportunity to buy the home they occupy.
2. Provide financial literacy education and home buyer counseling to ensure that tenants who transition to home ownership are prepared to sustain ownership over the long term.
3. Provide repairs to foreclosed property that reduce the major costs during the first five years of ownership, and improve the appearance of the property and the block.
4. Reduce the inventory of City-owned foreclosed properties through sales to tenants.

DATE	ACTION	FILE #
<b>March 20, 2012</b>	Common Council adopted resolution directing DCD to create a plan to convey City-owned tax-foreclosed properties to qualified tenants	111511
<b>June 12, 2012</b>	DCD communication file provided initial recommendations for design of a rent-to-own program for tenants. Letter indicated that the program would require financial resources to cover the work of a home buyer counselor; capital funds to pay for repairs at each property, and cost of new housing rehabilitation specialist position to oversee repairs at rent-to-own properties.	120165
<b>January 1, 2013</b>	2013 City budget allocates \$150,000 in capital funds for repairs at rent-to-own properties.	
<b>July 2, 2013</b>	\$300,000 in CDBG reprogramming funds allocated for repairs at rent-to-own properties.	
<b>July 16, 2013</b>	DCD submitted communication file with further program refinements	130406
<b>September 12, 2013</b>	Request for Proposals (Official Notice #57466) issued to identify agency that could provide home buyer counseling services to tenants	
<b>January 2, 2014</b>	2014 City budget includes funds for home buyer counselor contract and \$300,000 for home renovation expenditures.	
<b>January 29, 2014</b>	ACTS home buyer counselor "embedded" at DCD to provide ownership counseling and financial literacy education services for program	
<b>May 2014</b>	DCD selects 8 contractors through RFP process to undertake repair work at rent-to-own properties.	
<b>July 13, 2014</b>	First rent-to-own property sold to tenant	



**150**

**Tenants screened  
since inception  
2/2014**

**62**

**Active program  
participants**  
as of 3/30/15

**51**

**Not  
qualified**

- Delinquent on rent payments  
*(More than 3 months)*
- Moved
- Evicted
- Former owner redeemed property
- Non-responsive to invitation
- Withdrew during rehab phase due to partner's death

**37**

**Tenants referred  
to ACTS**

**ACTS Good Samaritan  
Program Requirements**

- City tenants who didn't qualify for the LTO program
- Tenants need to demonstrate their willingness to repay current creditors
- Verifiable income (PITI plus debt ratio cannot exceed 42% of income)
- Agree to live in property as primary residence for at least five years
- Agree to complete repairs necessary to occupy home and be awarded an exterior code compliance certificate within 12 months of purchase *(repairs to make home safe and sanitary)*
- Loan to value ratio shall not exceed 90% including ACTS loan



**62**  
**Active program participants**

**7**  
**Intake process**

- Intake Applications
- Credit Review
- Credit Analysis
- Action Plan/Road Map

**27**  
**One-on-one counseling**

**13**  
**Property in pre-rehab phase**

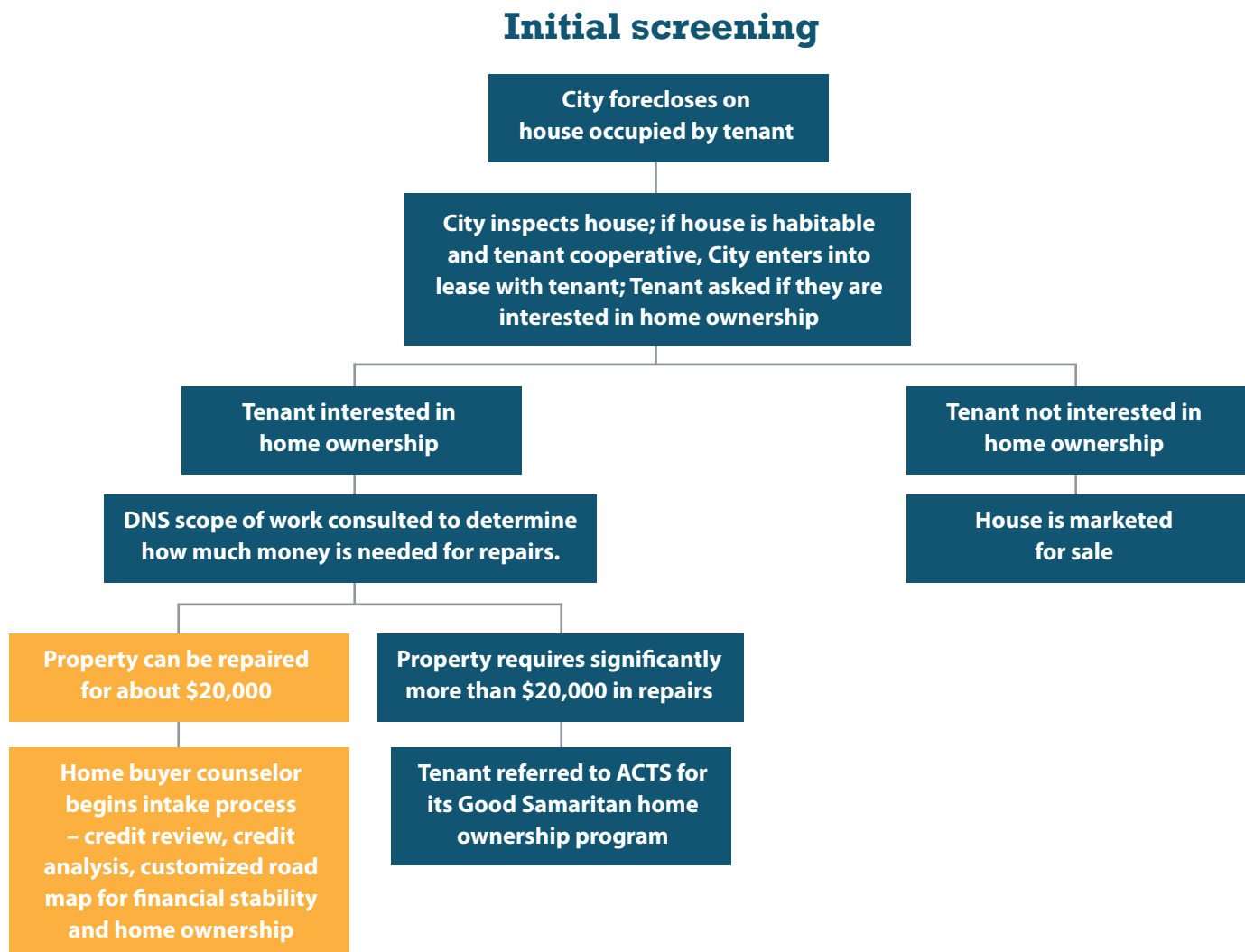
- **10** Initial Inspection
- **3** BID

**12**  
**Signed lease amendments**

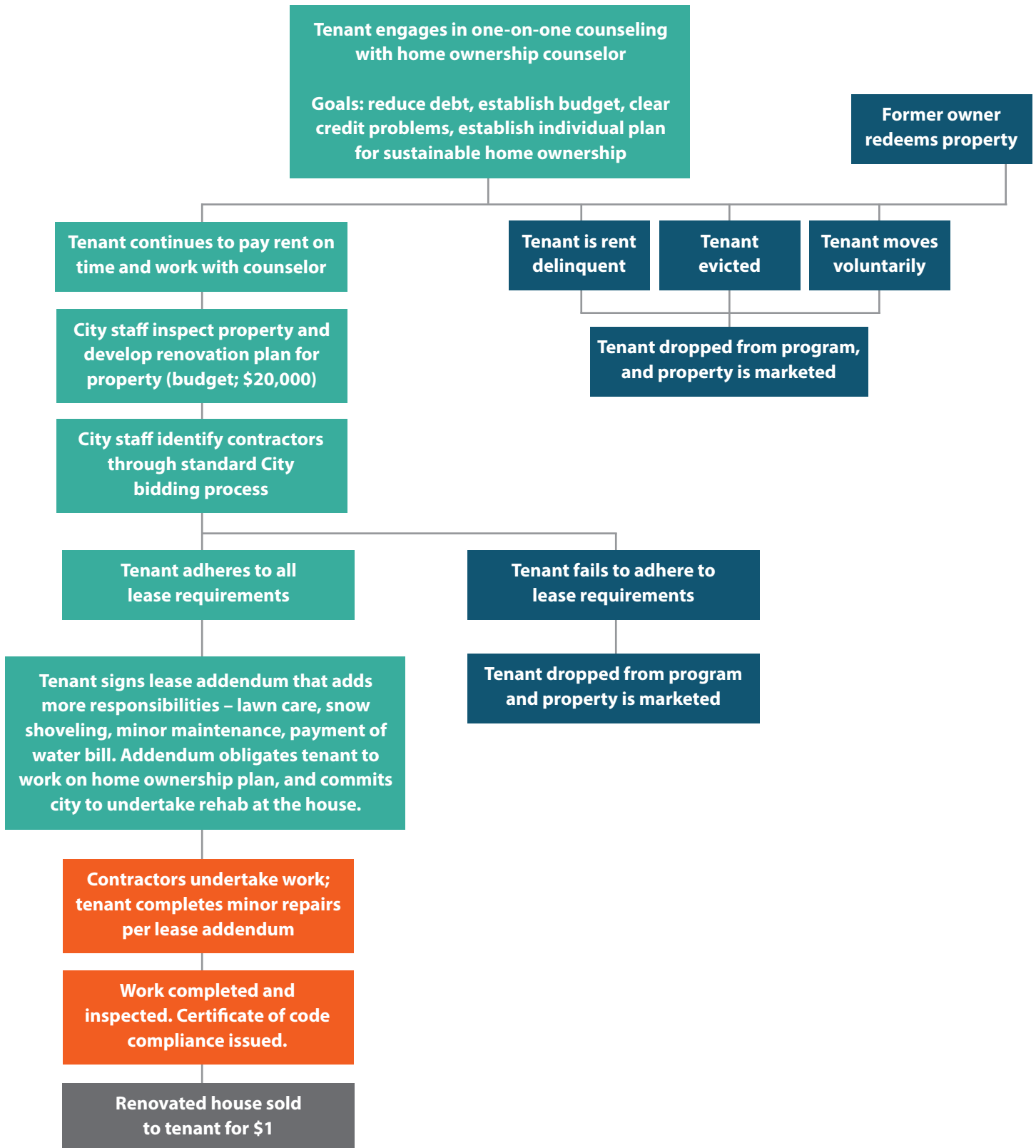
**3**  
**Purchased house**

# Key benchmarks (two year timeline)

1. Initial screening of tenant and property
2. One-on-one counseling
3. Property qualification
4. Lease amendment creates mutual commitment between City and buyer
5. Property renovation
6. Sale of property



## Critical path for tenants and properties that pass initial screening



# Applicants currently in the LTO program:

## District 1 / Alderman Ashanti Hamilton

5050 North 25th Street  
5232 North 36th Street  
4850 North 44th Street  
5071 North 23rd Street  
6048 North 36th Street  
4941 North 52nd Street  
4031 North 23rd Street  
4106 North 24th Place  
4585 North 23rd Street

## District 2 / Alderman Joe Davis, Sr.

5523 North 56th Street  
5039 North 60th Street

## District 5 / Alderman James A. Bohl, Jr.

8936 West Lawrence Street

## District 6 / Alderwoman Milele A. Coggs

3353 North 17th Street  
2147 North Buffum Street  
2849 North Palmer Street  
826 West Nash Street  
3320 North 13th Street  
2763 North 6th Street

## District 7 / Alderman Willie C. Wade

4748-50 North 52nd Street  
3917 North 29th Street  
4770 North 35th Street  
2935 North 35th Street  
3522 W Glendale Avenue  
3068 North 24th Place  
4433 North 46th Street  
3642 North 37th Street  
3382 North 30th Street  
3386 North 47th Street  
3620-22 North 27th Street  
3517 North 47th Street  
3134 North 39th Street  
5152 North 60th Street  
3266 North 28th Street  
3411 North 38th Street  
3756 North 37th Street  
4503 North 55th Street

## District 8 / Alderman Robert G. Donovan

1315 South 23rd Street  
1019 South 32nd Street  
2200 West Lincoln Avenue

## District 9 / Alderman Robert W. Puente

5731 North 62nd Street  
7849 North 76th Street

## District 10 / Alderman Michael J. Murphy

2749 North 51st Street

## District 12 / Alderman José G. Pérez

1808 South 17th Street  
1305 South 17th Street  
1429 West National Avenue  
1547 South 8th Street

## District 14 / Alderman Tony Zielinski

2970 South Clement Avenue

## District 15 / Alderman Russell W. Stamper, II

1838 North 40th Street  
1741 North 23rd Street  
2008 N 40th Street  
2362 North 46th Street  
1717-19 West Vine Street  
2454 North 48th Street  
2320 West Center  
2127 North 14th Street  
2204 West Lloyd Street  
4128 West Lisbon Avenue

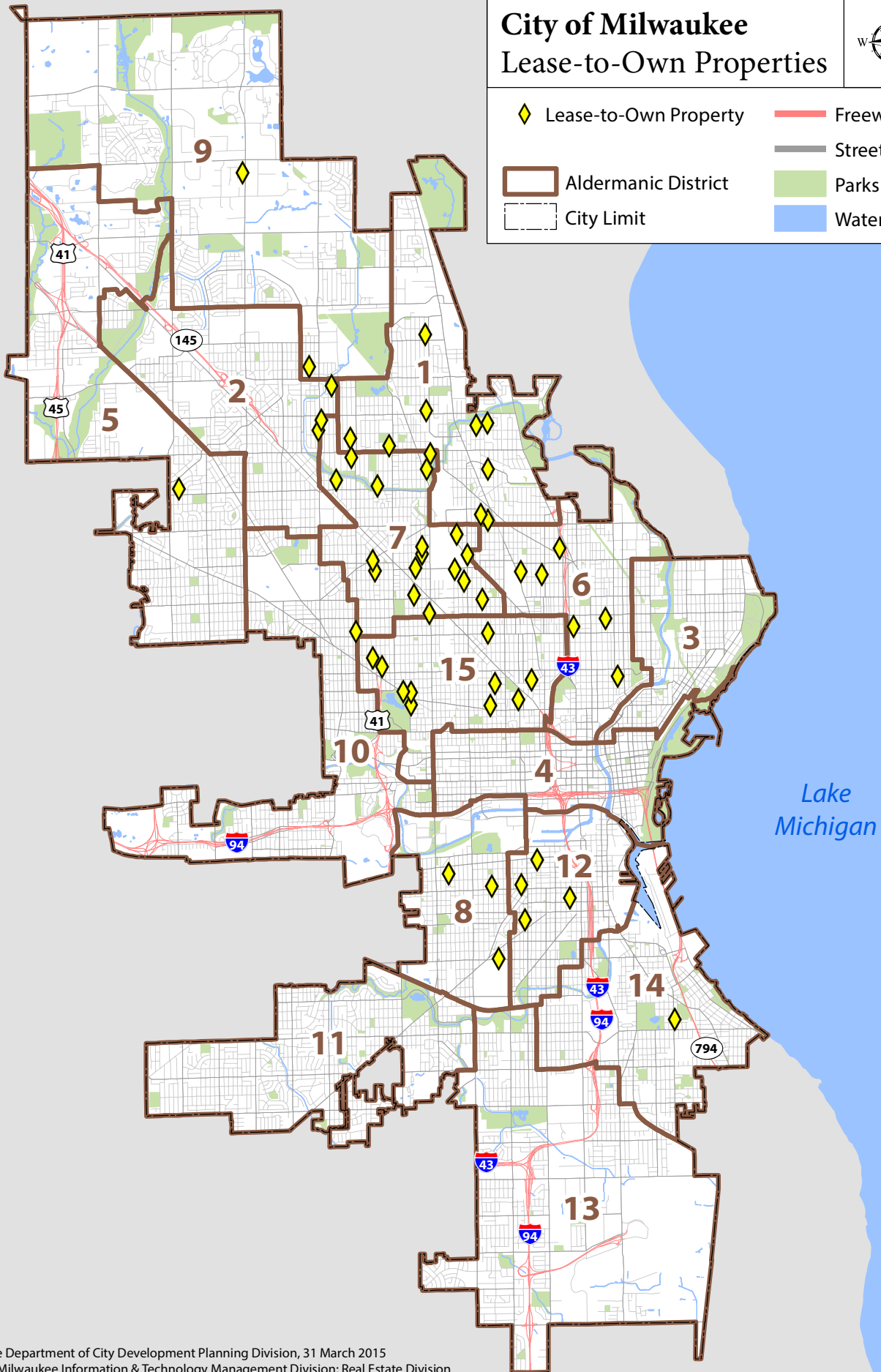
*Current as of March 30, 2015*



# City of Milwaukee Lease-to-Own Properties



- ◆ Lease-to-Own Property
- Freeway
- Aldermanic District
- City Limit
- Streets
- Parks
- Water



# Contractor Pool

*\* SBE & Section 3 certified*

- **GSI General, Inc \***
- **Hopkins Mechanical and Design, LLC \***
- **Insulation Technologies, Inc. dba INTEC \***
- **Jordan's Construction Services, LLC \***
- **Modern Home Improvements, LLC \***
- **Power Contractors, LLC \***
- **Ramirez Restoration, LLC \***
- **Strauss Houses, LLC**





## Step-by-Step: Lease to Own Program

### After tenant completes their Homebuyer Counseling Certificate:

Tenants pays \$1  
for the home

Tenant receives up to \$20,000  
in repairs + technical assistance

Tenant pays about  
\$600 in closing costs

START HERE



Tenant & property  
screened &  
approved for  
participation

Tenant &  
homebuyer  
counselor develop  
& work through  
homeownership plan

DCD Tech Specialist  
refines DNS scope  
of work - contractor  
scope & sweat equity  
scope are created

DCD Tech  
Specialist  
bids out  
scope of work

Contract awarded,  
repair work  
completed  
& inspected

Tenant signs  
lease addendum  
specifying  
requirements  
for participation

DCD Tech Specialist  
provides sweat  
equity scope of  
work to tenant

Tenant completes homeownership plan &  
sweat equity work - DCD Tech Specialist  
inspects, approves work & arranges for  
Certificate of Code Compliance

City of Milwaukee  
**TRANSFERS  
OWNERSHIP  
OF PROPERTY  
TO TENANT**

*Congratulations New Homeowner!*





## Step-by-Step: Lease to Own Program

On average, approximately 1/3 of City-owned properties are occupied by tenants who live in the house at the time the City takes ownership. Some of these tenants have the desire and financial ability to purchase the property in which they reside.

The Lease to Own Program will identify and work extensively with qualified tenants to help them to become long-term, sustainable homeowners.

### The tenant and the property are positioned for a successful transition to homeownership if the following conditions are met:

- The City scope of work is less than \$20,000
- Tenant is willing to complete “sweat equity” repair work identified by a technical specialist, such as interior painting
- Tenant successfully completes Homebuyer Counseling Certificate with ACTS Housing within a 24-month period
- Tenant repairs credit to qualify for homeownership
- Tenant stays current with utility bills associated with occupancy of the property (gas, electric, water)
- Tenant must be in full compliance with their lease and current with their rent payments
- Prior to entering the program, lease-option candidates also must pass the customary background checks required for all buyers of City-owned property
- If the property to be acquired is a duplex, and the participant plans to rent out the second unit upon ownership, complete the City of Milwaukee landlord training class ([milwaukee.gov/landlordtraining](http://milwaukee.gov/landlordtraining))
- Enter into a “good neighbor commitment” that encompasses standards of behavior conducive to neighborhood health

CONTACT:

**Coretta Herring | Housing Counselor**

City of Milwaukee DCD - Department of City Development  
& ACTS Housing

**(414) 286-5622 or (414) 727-0014**  
[www.milwaukee.gov/cityrealestate](http://www.milwaukee.gov/cityrealestate)

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