

CITY OF MILWAUKEE

STRONG

NEIGHBORHOODS PLAN

2016 Budget

Finance & Personnel Committee – October 7, 2015

milwaukee.gov/STRONG



Strong Neighborhoods Plan

Objectives & Goals

- The Strong Neighborhoods Plan (SNP) is a major citywide effort to reduce the impact of tax foreclosed properties in Milwaukee neighborhoods
- City resources are deployed through a variety of programs focused on four goals;
 - Preventing foreclosures
 - Mitigating the impact of foreclosed and blighted properties
 - Revitalizing properties and neighborhoods
 - Renewing abandoned and vacant spaces

Overview

Barometer

Measure	12/31/2013	12/31/2014	As of 8/31/15
Bank Filings	2,796	2,283	1,230
Current Accounts Delinquent	8.8%	8.2%	7.8%
Filed In Rem	1,101	1,096	848
Acquired (Rate)	67.9%	68.8%	534 (63.0%)
City Sales	291	437	366
City Inventory	1,318	1,116	1,211

Prevention

Strong Homes Loans

2015 Program Goals: 50 loans/\$1,000,000

- Loans approved/closed: 88
- Applications in Process: 30
- Total volume loans closed/approved: \$1,162,067

>90% loan to value = 61% of clients

Applicant Income Breakdown:

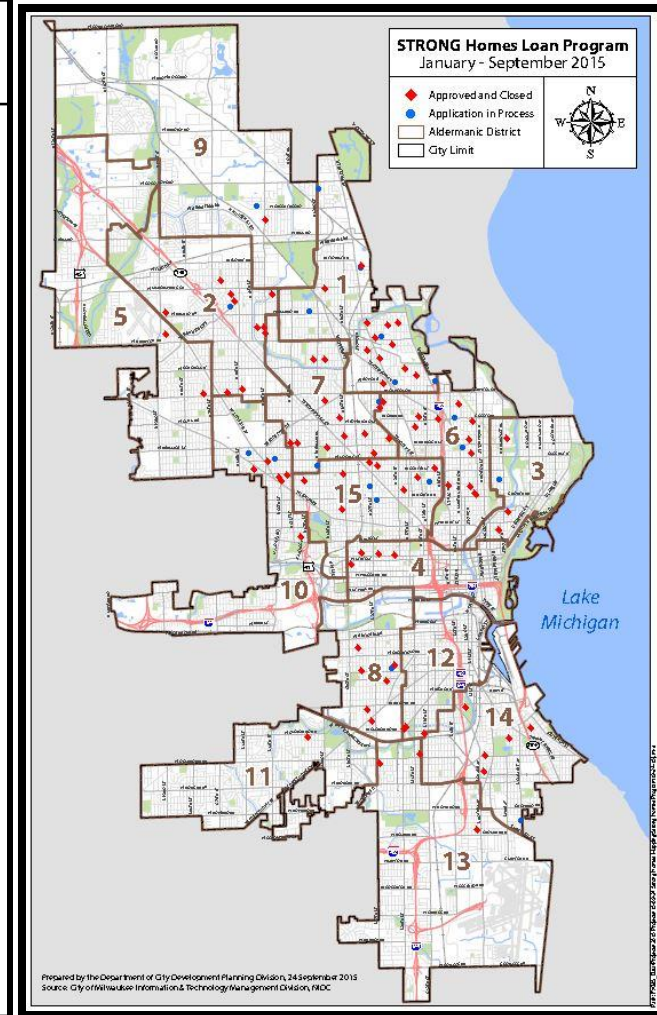
- 58 Households < 80% area median income
- 30 households 80%-120% area median income

Minority-owned contracting firms:

- Over 60% of contracts

District Totals

1	12
2	10
3	3
4	4
5	2
6	12
7	11
8	5
9	3
10	6
11	1
12	3
13	3
14	5
15	8



Prevention

Strong Homes Loans

This 91 year old homeowner has lived in her house for over 33 years. She accessed nearly \$20,000 to abate multiple exterior code violations. (New roof, new siding, new trim, masonry repairs, porch repairs, etc.)



Before



After

Prevention

Code Compliance Loans

Provides low-income homeowners with a deferred payment, 0% interest loan to abate code violations.

2015 Goal: **\$500,000** (minus one inspector and ancillary costs)

- Anticipate completing approximately **35** projects

2015 YTD:

- Completed **21 loan closings**, representing **\$235,916**.
- **17** additional homeowners approved, likely to receive service this year
- **7** on waiting list for 2016 funds

Prevention

CLP Success:

2200 Block of South 11th St.

- Elderly Resident
- Resided here for 13 yrs



Before



After

Prevention

Vacant Building Registration (VBR)

Requires owners to register, secure, and maintain vacant properties

- 4,473 vacant buildings
- YTD: **34,658** vacant building inspections (January – August)
- Projected: **52,000** vacant building inspections

Residential Properties Pending Foreclosure (RPPF)

Requires bank or lender to register property and to inspect every 30 days

- Approx. 2,200 residential properties currently in foreclosure

2015:

- RPPF Registrations Received
Year to date: 1,204 (January – August) Projected: 1,800
- Inspections of properties in foreclosure
Year to date: 10,062 (Jan – Sept. 16th) Projected: 14,200

*Council
Strengthened
Ordinance in 2015

Prevention

Administration Has Worked To:

- **Create mailings & events aimed at early intervention**
 - Milwaukee Water Works mailed over 44,000 early notification letters
 - Foreclosure Mitigation Event - Partnership with the City, Take Root Milwaukee and Hope Now
- **Establish Nationstar Partnership**
 - Established Five Part Plan that commits \$30 million in loan modifications over 3 years; \$500,000 contribution to City's Strong Homes Loan Program
 - Co-Branded Outreach mailing with Select Milwaukee
- **Support Mediate Milwaukee**
 - Facilitated contribution from Greentree Servicing
 - Provided funding to Mediate Milwaukee to preserve a critical court-based foreclosure mediation program cut by the State



Mitigate

Demolitions 2014

- \$6,626,705 expended
- \$4,378,777 City funding
- \$2,137,632 State/Federal

Demolitions 2015

- YTD: \$1,235,000 expended
- \$1,333,000 (Capital funding)
- NSP-2 Funding: \$250,000

	2014	2015
DPW	90	65
DNS Contractors	291	48
Deconstruction	99	6
Salvage	48	110
Total	480	119

**Additional 12 properties to be referred by year-end for deconstruction*

Mitigate

Deconstruction

Northcott Crew



Mitigate

Deconstruction & Salvage

2929 N. 23rd St.



Revitalize

Sales

	2012	2013	2014	2015 YTD
Total Improved Properties	231	291	437	366
<i>Residential Properties</i>	-	-	429	353
<i>Commercial Properties</i>	-	-	8	13
Vacant Lots	36	32	100	165
Total Sales	267	323	537	531

**Over 30 Million in taxable value 2014-2015 alone*

Revitalize

Sales

	2014	2015 YTD
City-Direct Sales	294	242
<i>Lease-to-Own</i>	2	12
<i>HIPF</i>	4	3
<i>Matching Loans (HBA/Rental)</i>	19	(10/5) 15
REO Brokers	110	92
ACTS	33	32
Total	437	366
Percentage Owner Occupied	53%	63%

Revitalize

Commercial Property Revitalization Fund

Objective: Incentivize sale and renovation of foreclosed commercial property

First-time funding in 2015 City budget (\$500,000)

Structure of City investment

- \$5,000 to \$75,000
- City loan not to exceed 1/3 of project cost
- 0% interest, repayment terms up to 15 years
- Payments deferred for 18 months
- Loan forgiven when occupancy certificate is issued for a business

3 projects in loan pipeline

Revitalize

Challenge Fund

Goals:

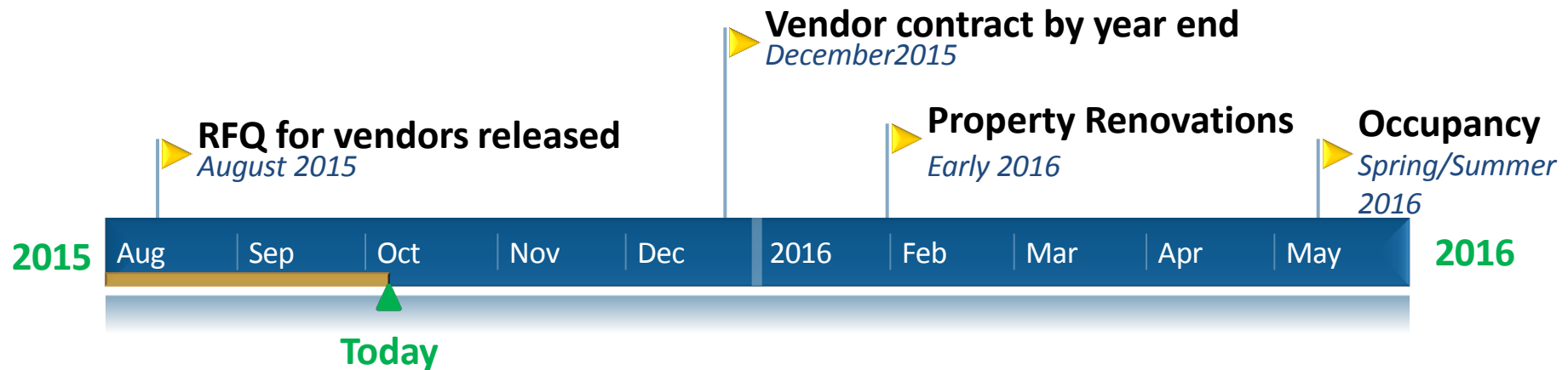
1. Use in a targeted manner so as to achieve maximum impact for City neighborhoods
 2. Collaborate closely with the local neighborhood organization to address quality of life issues
- 15 proposals received
 - 2 teams selected
 - Housing Authority in the Harambee neighborhood
 - Northwest side Community Development Corporation/ Gorman in Century City neighborhood

Revitalize

Renovation & Management

Test costs and benefits of converting tax-foreclosed properties to City-owned rental portfolio

\$1 million allotted in 2015 budget



Renew

Vacant Lot Improvements 2014-15

	Installations	Parcels	Purpose
Beautification	55	90	Neighborhood Improvement
Orchards	9	14	Food Production
Mini Parks	12	19	Gathering Space



Renew

Creation of Active Spaces

Sunshine Park

14th & North Ave

Collaboration with Walnut Way



Cold Spring Park

28th & McKinley

Collaboration with Cold Spring Park
Neighborhood Association

Renew

Creation of Active Spaces

45th & North Ave

“We love our orchard & will keep it growing with love & care”...



“This orchard will bring even more peace & stability to 45th Street” – Marie Holst

“The beautification of the lot at 3743 W. Vliet is beautiful!” – Pat Mueller



38th & Vliet

Martin Drive Neighborhood Association

- Prevent illegal parking/dumping

Renew

Connection to Employment

	Hours Worked	RPP Hours	RPP % of Hours	Contract Value
Department of City Development				
• HIPF	31,614	19,792	63%	\$433,715
• Lease-to-Own	2,950	2,530	86%	\$199,814
Department of Public Works				
• Maintenance (Grass/Snow)	36,722	19,502	53%	\$1.5 Mil.

Budget Overview

Key Performance Measures

	2014 Actual	2015 Planned	2016 Planned
Loans closed through Strong Homes Loan Program	-	50	75
Loans closed through Code Compliance Loan Program	5	35	35
Number of properties demolished or deconstructed	402	170	207
Number of properties sold	437	350	450
Number of vacant lots sold	99	80	100

Budget Overview

	2015 ADOPTED BUDGET	2016 PROPOSED BUDGET	DIFFERENCE (amount, %)
Prevent	\$1,398,811	\$1,464,861	\$66,050 (4.72%)
Mitigate	5,673,371	5,837,727	164,356 (2.9%)
Revitalize	4,598,801	3,580,000	-1,018,801 (-22.2%)
Renew	404,243	134,432	-269,811 (66.7%)
TOTAL	\$12,075,226	\$11,017,020	-\$1,058,206 (-8.8%)

Goals for 2016

- Continue to support City funded loan products
 - \$1.5 million in Strong Homes Loans
 - \$500,000 in Code Compliance Loans
- Expand Challenge Fund
- Execute Renovation and Management Pilot
- 450 residential property sales
- 20 commercial properties
- 207 demolitions/deconstruction

Utilize New Tools

Accelerated In-Rem CCFN 150164

- Fast-track tax foreclosure on vacant and abandoned tax delinquent residential property
- Properties tend to become vandalized and become blighting influences
- Help stabilize neighborhoods or keep them from “tipping”

Loan Default Registry CCFN 141900

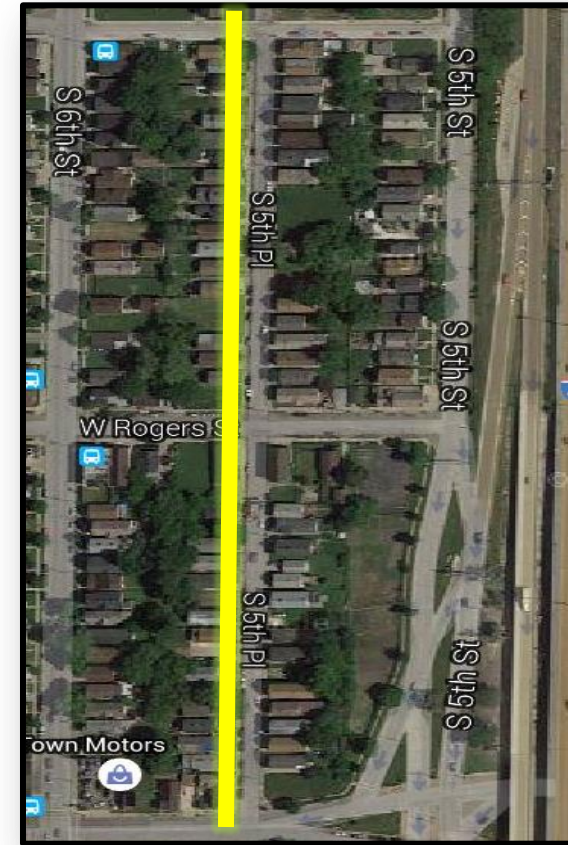
Requires lenders to notify DNS when loan goes into default.

- DNS anticipates receiving twice as many default notifications as RPPF foreclosure registrations.
- 2016 Default Registry Projection: 4,000

Targeted Neighborhood Initiatives



Near West Side/Washington Park Partners



South 5th Place

Targeted Neighborhood Initiatives



Bronzeville



Harambee

Partnerships

Servicers

Continue collaborations with servicers and build on new partnerships

Foundations

Work with the foundation community to develop new initiatives aimed at preventing tax foreclosure

- Tax Foreclosure Prevention Assistance
- Home Repair Program

Neighborhood Organizations

- Grow capacity of our Community Based Organizations
 - Acquisition rehab of City-owned properties



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